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# ***Daily Report***

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## **China**

**FBIS-CHI-89-089  
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# Daily Report

## China

FBIS-CHI-89-089

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10 May 1989

NOTICE TO READERS: An \* indicates material not previously disseminated in electronic form.

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## General

### PRC Contributions to Narcotics Battle Cited

OW0905060489 Beijing XINHUA in English  
2355 GMT 4 May 89

[Text] United Nations, May 3 (XINHUA)—A Chinese official today cited China's contributions to the international struggle against narcotics, which has been gaining an unprecedented momentum over the past two years.

Speaking at a plenary meeting of the Economic and Social Council, which is now in its spring session, Chinese delegate Zhang Xilin recalled that four months ago when the United Nations' "convention against illicit traffic in narcotic drugs and psychotropic substances" was concluded, China signed the convention and became one of the first signatory states.

The text of the convention will be submitted soon to the Standing Committee of China's National People's Congress for ratification.

Moreover, China will take appropriate legislative and administrative measures in the light of its basic law and legal system to fulfil the provisions contained in this convention, Zhang said.

On the progress in China's struggle against drug smuggling, China has become a transit state in illicit drug trafficking since narcotic drugs began to be planted and produced in the Golden Triangle and the surrounding regions, and particularly since the illicit trafficking route began to make a continuous northward move.

In 1988, the Chinese Public Security and Customs Departments adopted new and effective measures to update technology and equipment, exchange information, train personnel and set up anti-drug-trafficking patrol teams.

As a result, the efficiency of solving drug-related cases on the spot has been greatly improved.

So has the rate of the cases solved and the quantity of narcotics seized. Considerable headway has also been made in the anti-drug-smuggling patrol on the border in southwest China, Zhang told the meeting.

In addition to the laws and regulations against drug trafficking and smuggling promulgated over the past years, China has enacted the "Supplementary Regulations on Punishment of Smuggling" and the "Code on the Control of Psychotropic Substances."

China also began last January to implement a license system for the import and export of acetic oxide, ether and chloroform, he said.

Zhang expressed the conviction that because of good cooperation with all U.N. bodies in the combat against narcotics, China will make new contributions to the international effort to combat narcotics.

### PRC Abides by Nuclear Nonproliferation Treaty

OW0905114289 Beijing XINHUA in English  
0020 GMT 9 May 89

[Text] United Nations, May 8, (XINHUA)—The fourth conference to review the implementation of the treaty on the non-proliferation of nuclear weapons (NPT) will be held in Geneva from 20 August to 14 September, 1990, it was announced here today.

The decision was made by the preparatory committee which has just concluded its first session in New York. Signatory states will discuss at the Geneva conference the status of NPT implementation since it came into effect in March 1979.

Earlier review conferences were held in 1975, 1980 and 1985 respectively.

The treaty is aimed at halting the spread of nuclear weapons by setting out a legally-binding declaration for countries which have ratified or acceded to it.

It was negotiated in Geneva at the conference on disarmament and was opened for signature in July 1968. One hundred and thirty-eight countries designated as non-nuclear-weapon states are party to the treaty.

China, though not a signatory, has repeatedly stated that it abides by the principles of nuclear non-proliferation.

The preparatory committee has requested background papers for the review conference from the U.N. secretary-general, the International Atomic Energy Agency, the Agency for the Prohibition of Nuclear Weapons in Latin America and the South Pacific Forum.

### PRC Plans Countermeasures to 'Greenhouse Effect'

OW0805191889 Beijing XINHUA in English  
1431 GMT 8 May 89

[Text] Beijing, May 3 (XINHUA)—China will join the global effort to control the "greenhouse effect," Professor Qu Geping, director of China's National Environmental Protection Agency, said here today.

The so-called "greenhouse effect" is the warming of the atmosphere and the earth caused by the burning of fossil fuels, such as coal and oil.

Addressing the International Conference on Global and Regional Environmental Atmospheric Chemistry, Professor Qu said: "In participating in the effort to improve the global environment and prevent the climate from



growing warmer, China will do two main things: improve the way energy is used, and strengthen the protection of forests and vegetation."

"The countermeasures China will take include the production of non-fossil fuels whose combustion will not release carbon dioxide and other greenhouse gas; controlling the speed of growth of energy consumption; and advocating and developing energy-saving production and lifestyle."

Professor Qu, who was addressing more than 250 atmospheric chemists from 12 countries and regions, said fossil fuels, mostly "dirty" coal, make up 95 percent of the energy China consumes.

Nuclear, solar, wind, biological and other kinds of energies are the clean energy that does not create greenhouse gas and other atmospheric pollutants.

Qu said: "Under strict safety measures, nuclear energy is a new kind of clean, safe and highly efficient energy."

China began to build its nuclear-power production bases in the early 1980s. Projects with a total generating capacity of 2.1 million kilowatts a year will go into production soon.

By the end of this century, Qu said, China's nuclear power generating capacity will hit six million kilowatts.

He said: "Undoubtedly, the development of nuclear power will help reduce the consumption of fossils, contributing to a reduction in the amount of greenhouse gas released."

China is also going to raise the proportion of forested areas from 12 percent at present to above 18 percent by the end of this century.

In addition, he said, China attaches great importance to the protection of grasslands and will prevent them from being reclaimed indiscriminately.

In the last few years, China has done good work in developing its husbandry and improving the ecological system of grasslands, which were formerly degenerating.

**International Children's Film Festival Scheduled**  
*OW0805050489 Beijing XINHUA in English*  
1424 GMT 6 May 89

[Text] Beijing, May 6 (XINHUA)—China will sponsor its first international children's film festival in two Beijing cinemas between June 1 and 7, this year.

Yu Lan, director of the China Film and Television Center for Children and Young People, said today that 10 feature films from nine countries will be screened.

Chinese children will be able to watch "Adventures on Little Islands" from the Soviet Union; "The Journey of Natty Gann" from the United States; "Tadpole and the Whale" and "Bach and Broccoli" from Canada; and five other outstanding foreign films.

"Dream Season" by the China Children Film Studio will also be shown. It is about the life of a contemporary Chinese girl.

The International Center of Films for Children and Young People will hold its 34th annual general assembly simultaneously with the festival.

Sixty representatives from 36 countries and regions will attend the conference. They will review the development of children's films and television in 1988 and hold seminars on children's films.

Yu Lan said the ceremony for the third Chinese "Little Ox" awards for children's films will be held in the Great Hall of the People on the coming Children's Day, June 1.

The winners of the awards have already been announced. They are "Beibei," about a space child who seeks human love; "I Only Cry Three Times," reflecting war through the eyes of a boy; and "Purple Crown," about the trauma [of] a child whose parents are estranged.

**Commentary on New Emphasis on National Strength**  
*HK1005100589 Beijing JIEFANGJUN BAO*  
in Chinese 24 Apr 89 p 4

["Weekly Commentary" by Li Changjiu (2621 7022 0036): "From Arms to a Trial of Overall National Strength"]

[Text] At a time when the world situation is moving from confrontation to dialogue and from tension to detente, world history is also shifting from an emphasis on the arms race to a new period of a trial of overall national strength. In the 40-odd post-war years, the arms race between the United States and the Soviet Union has always been a matter of catching up with and overtaking each other. Both have wanted to surpass the other in military strength to call the shots. They have vigorously sought external expansion. But the result has been as much harm done to oneself as to the other.

By relying on its rapidly expanding economic and military strength in the period after World War II, the United States established its own hegemonic position. But since its invasion of Korea and its war of aggression against Vietnam, the United States has gradually declined from the peak of its strength.

With a decline in the U.S. position of strength, U.S. military spending in the 1970's was curtailed. But after Reagan entered the White House in 1981, he blamed his predecessor for the U.S. lag behind the Soviet Union in

the arms race, and began to substantially increase military spending. According to a UNITED PRESS INTERNATIONAL report, during Reagan's 8 years of tenure, combined total military spending reached \$2,100 billion. The Reagan administration's energetic promotion of arms expansion rendered it impossible for the U.S. Government to make both ends meet for years on end, with a resultant steep increase in national debt. The "Kingdom of Golden Dollars" of former days now has to rely on Japan to provide loans to make up its budget deficit and to increase investment.

In the 1950's and the 1960's, the Soviet Union narrowed the economic gap with the United States at a relatively quick pace. But from the 1970's, the Soviet Union took advantage of U.S. retrenchment in the military field to vigorously increase armament, dispatch troops to Afghanistan, and support the Vietnamese invasion of Cambodia. Its military spending began to rise sharply. According to figures provided by a Soviet professor, in the 5 years from 1979 to 1983, Soviet military spending exceeded \$1,000 billion. The Soviet Union devoted large amounts of manpower, and financial and material resources to an arms race and external expansion. This had a serious effect on Soviet economic, and scientific and technical development. From the mid-1970's, the Soviet economy was in a stagnant state. Its economic gap with the United States tended to widen.

History in the 40-plus years after the war shows that the practice of chiefly relying on adding to military strength to increase influence and further political interests no longer works. Several wars conducted by superpowers against small countries have ended in failure. These wars have not only brought great misery to the countries invaded but caused the invading countries to pay a terrible price. Meanwhile, the United States and the Soviet Union have found it beyond their means to keep up an arms race on as large a scale as before. Both countries "want to end the cold war to save the economy." People have increasingly realized that a country's being strong or weak cannot be judged just by its military strength. Judgment must be based on overall national strength. Therefore, for a fairly long period of time to come, various leading countries' strategy of development will lay emphasis on increasing overall national strength.

At present there is no unified view on the implied meaning of overall national strength. But the main content of what overall national strength means is still relatively clear. This is to say that so-called overall national strength covers strength in political, economic, scientific-technical, and military fields. In these four fields, military strength still cannot be overlooked, because the strategy of the United States and the Soviet Union confronting each other will not change. Even given the continued control or weakening of their respective military strength, they will not stop competing in the field of military high technology. What is worth noting is that Japan is seeking arms expansion. Other countries will not do without defense capabilities either. The

political factor, especially a country's power of concentration, has also a great effect on the development of overall national strength. But economic, and scientific and technical factors will increasingly become a main index in weighing overall national strength.

Economists consider that the United States, the Soviet Union, Japan, and West European countries will be in a fierce contest for superiority in overall national strength. In 1987, the U.S. gross national product still accounted for one-quarter of the world's total output value. This has enabled the U.S. economic position to keep improving. There are still many favorable factors and conditions: The United States is well placed geographically. Except for reliance on imports in regard to needed manganese, cobalt, and other strategic minerals and raw materials and some of its oil supplies, the United States is very rich in other natural resources. It is very strong in the scientific and technical field. It occupies a leading position in the high-technology field. It has a very strong economic foundation, and a great ability to absorb, adapt to and cope with domestic and international circumstances. There is the possibility for the United States to gradually relieve the problem of budget and foreign trade deficits. In the 1990's, the United States will continue to maintain its position as the No 1 economic power in the world.

By comparison, the Soviet Union has been on a par with the United States militarily. But Soviet economic strength is far behind that of the United States. According to U.S. newspaper and magazine reports, the Soviet gross national product in 1987 was only 53.3 percent that of the United States. Its per capita income was 46 percent that of the United States. Some economists consider that the Soviet Union is behind Western countries by more than 10 years in such fields as economic efficiency, the quality of products, technology, and so forth.

The Soviet Union has such advantages as a vast area, a rich deposit of natural resources, and also an impressive scientific and technical team. If the Soviet strategy of accelerating social economic development can be carried out, the Soviet Union in the 1990's is likely to narrow its economic gap with the United States and continue maintaining its position as the world's No 2 power.

The economic gap between Japan and the United States is narrowing. According to statistics, Japan's gross national product accounted for the following percentages in proportion to that of the United States: 1/10 in 1950, 1/5 in 1965, 1/3 in 1985, and 53.7 percent in 1987. As far as the gross national product is concerned, Japan has surpassed the Soviet Union to occupy the second place in the world. As far as the gross national product per capita is concerned, Japan has surpassed the United States.

Economists predict that in the 1990's, the rate of Japan's economic growth will remain the highest among developed countries. Japan's economic gap with the United States will narrow further. The Japanese Government



cooperates with Japanese enterprises, with those at higher and lower levels involved in a joint effort to catch up with and overtake the United States in the high-tech field. Compared with the United States and the Soviet Union, Japan has the following defects: A small area of country, a scarcity of resources, and a limited market capacity. In the 1990's, in terms of overall national strength, Japan will not overtake the United States. Nor will it surpass the Soviet Union. But Japan's strategic goal of catching up with and overtaking the United States and the Soviet Union will not change.

In the past 30-odd years, the number of member countries of the European Community has increased from 6 to 12, with a population of 332 million. The total volume of exports in 1987 amounted to \$948.8 billion, higher than that of the United States (\$252.9 billion) and that of Japan (\$231 billion). After a long period of preparations and many discussions, the European Community decided to establish a big unified market "without frontiers" before the end of 1992, with the free circulation of commodities, capital, personnel and labor. The European Community has also put forward the "Eureka" program and set plans and goals for joint development of high technology in the coming 15 years. West European countries rely on strengthening regional integration and cooperation to increase competitiveness with the United States, the Soviet Union and Japan.

The 1990's will be a decade of detente and dialogue. Some factors for instability still exist in the world. But peace and development will be two main themes of common concern to all countries. The 1990's will be a decade of global reform or continuous deepening of reforms, and a decade in which leading countries will have a trial of their overall national strength.

International circumstances have provided hard-to-get opportunities for various countries and also presented big challenges. Generally speaking, there are more challenges than opportunities. Any country that can assume a correct attitude and especially pay attention to education and science and technology will have increased overall national strength. Otherwise, it will fall further behind.

### United States & Canada

#### New U.S. Ambassador Presents Credentials OW0805183889 Beijing XINHUA in English 0805 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—The new U.S. ambassador to China, James Roderick Lilley, officially took office today by handing his credentials to Chinese President Yang Shangkun.

Lilley arrived here May 2. He served as U.S. ambassador to South Korea for two and a half years before being appointed ambassador to China.

Lilley, born in China, graduated from Yale University in 1951. He later studied classical Chinese literature in Hong Kong and New York, and is reckoned an expert on Asian affairs.

During a photo session with the Chinese president this morning, Lilley told Yang he was "kind of going home."

#### Wan Li Meets U.S., Canadian Ambassadors OW0905153189 Beijing XINHUA in English 1223 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Wan Li, chairman of China's National People's Congress (NPC) Standing Committee, met here today Canadian Ambassador to China Earl G. Drake and U.S. Ambassador to China James Roderick Lilley on separate occasions.

It is learnt that Wan Li has been invited to visit Canada and the United States from May 12 to June 1.

During the meeting, Wan expressed the hope that his forthcoming visit will strengthen China's friendly relations with the two countries. He said that he will exchange views with the parliamentarians of the two countries on expanding contacts and cooperation.

#### Cheng Siyuan Meets Chinese-American Delegation OW0605034689 Beijing XINHUA in English 1139 GMT 2 May 89

[Text] Beijing, May 2 (XINHUA)—Cheng Siyuan, vice-chairman of Chinese People's Political Consultative Conference (CPPCC) National Committee here today met Douglas Y. Toy, president of Guangdong Benevolent Association of Greater Washington of the United States, and a delegation he leads.

The delegation arrived in Beijing on April 30 at the invitation of the CPPCC. Its fortnight itinerary includes Xi'an, Chongqing, Wuhan and Guangzhou.

#### Bush Honors Asian-Pacific American Contributions OW0905121089 Beijing XINHUA in English 0025 GMT 9 May 89

[Text] Washington, May 8 (XINHUA)—President George Bush today declared an Asian-Pacific American heritage week in recognizing contributions to the nation by people from these regions.

At a Rose Garden ceremony attended by over 100 Asian and Pacific Americans, Bush signed a proclamation for the week beginning May 7 and called upon "the people of the United States to observe this week with appropriate ceremonies and activities."

He also announced the nominations of Julia Chang Bloch as U.S. ambassador to Nepal, the first Chinese American to be named as ambassador, and Kyo Jhin (of Korean origin) as chief counsel for advocacy in the Small

Business Administration and congratulated Katherine Chang Dress, another Chinese American, for the swearing-in as an assistant secretary of interior.

Bush paid a high tribute to the Asian and Pacific Americans, saying that "you are enhancing our medical schools, the law, the small and large businesses."

The President especially mentioned his experience as chief of the U.S. liaison office in Beijing in the early 1970s during which, he said, "I came with Barbara (Mrs. Bush) to love that heritage" of Asian Americans.

Quoting a Chinese proverb "One generation plants the trees, another gets the shade," Bush said "For decades, Asian Americans have planted the trees of prosperity, opportunity and human dignity. And in coming years, more than ever, I know that my children, America's children, will thank you for the shade."

**American Hurt in Boat Attack Recovers**  
*OW0905131289 Beijing XINHUA in English*  
1411 GMT 6 May 89

[Text] Wuhan, May 6 (XINHUA)—An American who has recovered from injuries received when he was attacked on a ship was discharged from the hospital today and accompanied by his father and a United States Embassy official on a flight to Beijing.

Derron Craft, a student at the Beijing Institute of Foreign Languages since last September, was wounded in the head in an attack by a person or persons unknown on April 8 on a ship sailing along the Yangtze River. He was touring China alone.

He was taken to a hospital in Shishou and the State Council, China's highest governing body, immediately sent medical experts by air from Wuhan. Craft was transferred by helicopter to the Tongji Hospital in Wuhan the same day.

Doctors at the Tongji Hospital said Craft had a "satisfactory recovery" from his critical condition.

Craft and his father will leave for the United States after a short stay in Beijing. According to the Public Security Bureau, the incident is still being investigated.

**Sino-Canadian Friendship Month Inaugurated**  
*OW1005040289 Beijing XINHUA in English*  
1353 GMT 5 May 89

[Text] Beijing, May 5 (XINHUA)—The Canadian Government today officially inaugurated the "Canada-China Friendship Month" to celebrate the developing relationship between the two countries.

The friendship month, with "sharing our future" as its theme, will involve more than 20 trade, cultural, sports, and educational events throughout China.

At a press conference here today, Canadian Ambassador to China Earl G. Drake said: "The wide range of activities throughout the month illustrates the commitment and diversity of our relationship to China. We hope that the friendship month will contribute to an even further understanding and cooperation between the peoples of Canada and China."

According to the ambassador, a series of activities will be held during May in Beijing, Shanghai, and other big cities in China. These include the visit to China by Canada's two Olympic gold medal-winning synchronized swimmers, an exhibition of the works of Canadian artist Emily Carr at the China Art Gallery in Beijing, and the opening of the film "Bethune: Making of a Hero," a joint effort by film artists from the two countries.

Other highlights of the friendship month include a concert given by Canadian classical pianist Angela Cheng, the opening of a wood-frame model farmhouse in Beijing and trade missions from Canada discussing opportunities for cooperation in petroleum, agriculture, forestry, and other areas.

Diplomatic relations between China and Canada were established in 1970. Last year, the trade volume of the two countries reached 3.5 billion Canadian dollars.

**Canadian Delegation Visits Jilin Province**  
*SK0705064589 Changchun Jilin Provincial Service*  
in Mandarin 0930 GMT 6 May 89

[Text] At the invitation of the Foreign Affairs Office of the Jilin Provincial People's Government, a Canadian delegation headed by (Ontario) Jeniwick, assistant to the governor of Saskatchewan Province and vice minister, made an observation tour of our province from 3 to 6 May.

During its stay in the city of Changchun, all members of the Canadian delegation were received by Liu Xilin, vice governor of the province. During the reception, a cordial talk on developing friendly contacts between the two provinces was held. The delegation also made extensive contacts with relevant provincial departments, during which they exchanged opinions on economic and technical cooperation and exchanges, held consultations on items of interest, and reached a consensus.

The Canadian delegation left Changchun by plane on the afternoon of 6 May for Beijing Municipality to continue its tour.

**Northeast Asia**

**LIAOWANG Roundup on Zhao's Pyongyang Visit**  
*HK0905092189 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 19, 8 May 89, p 28*

[Article by Zhu Kechuan (2612 0344 1557): "A New Chapter of Sino-Korean Friendship"]

[Text] In April, there was a sunlit and enchanting scene of spring in Pyongyang. At the invitation of Comrade Kim Il-song, general secretary of the Korean Workers'

Party Central Committee, Comrade Zhao Ziyang, general secretary of the CPC Central Committee, paid an official friendly visit to the DPRK.

During the 5-day visit beginning 24 April, Zhao Ziyang and Kim Il-song held two rounds of talks in a sincere and friendly atmosphere. They briefed each other on the socialist construction situations in China and Korea according to their respective national conditions, and exchanged opinions on many issues of common interest. Zhao Ziyang praised the great achievements made by the Korean people under the leadership of the Korean Workers' Party, and reiterated that the CPC and the Chinese people will consistently support the Korean people's sacred struggle for the realization of their motherland's independent and peaceful reunification and support the reasonable proposals put forth by the Korean Workers' Party for Korea's reunification. He hoped that the United States would conduct serious dialogue with the DPRK and the tripartite talks among North Korea, South Korea, and the United States would be held so that conditions favorable to the relaxation of the situation on the Korean peninsula and to the realization of Korea's independent and peaceful reunification will be created. Kim Il-song highly valued China's great achievements in her adherence to the four cardinal principles, in reform and opening up, and in the building of socialism with Chinese characteristics.

When talking about international issues, Zhao Ziyang said: At present, the international situation is undergoing some major changes. The Chinese party and government will continue to pursue the independent peace foreign policy, safeguard China's sovereignty and national security, support the just struggles of the people throughout the world, and strive for a long-lasting peaceful international environment for China's "four modernizations." Comrade Kim Il-song said: Korea shares the same opinion on the international situation with China. Korea holds that dialogue is better than confrontation; and detente is better than tension. Socialist construction needs a peaceful and stable environment. Under the present international situation, Korea hopes to settle the existing problems in a peaceful way.

When talking about relations between China and Korea, Kim Il-song said: Our two parties always share a deep kinship with each other, and the leaders of the two countries often meet each other and exchange opinions. I hope that this fine tradition will be maintained. Zhao Ziyang said that he completely agrees with this idea of Comrade Kim Il-song. In particular, as the international situation is now changing continuously and the two parties and governments are also adjusting their policies and strategies, it is even more necessary for us to contact each other and exchange ideas frequently so as to increase mutual understanding and further consolidate and develop the traditional Sino-Korean friendship.

During the visit, Zhao Ziyang and his entourage enjoyed grand and warm welcomes extended by the Korean party, Government, and people wherever they went.

When Zhao Ziyang arrived in Pyongyang and left Pyongyang, Kim Il-song led all members of the Political Bureau Standing Committee, the Political Bureau, and the Secretariat of the Korean Workers' Party Central Committee to meet and see off the Chinese guests in the railway station. This was rarely seen in Pyongyang's diplomat etiquette. On the afternoon of 24 April, when the open car carrying Zhao Ziyang and Kim Il-song arrived in the central district of Pyongyang City, some 500,000 people stood on the two sides of the 15-li avenue to greet the Chinese guests by waving the Chinese and Korean national flags and by cheering, singing, and dancing. They extended the warmest welcome to the Chinese visitors and expressed their sincere and friendly feelings. Zhao Ziyang and his entourage also visited some industrial enterprises, a cooperative farm, an iron and steel complex, and a dam. A farm worker told this reporter: "I am very glad to see Comrade Zhao Ziyang, an envoy who brings the Chinese people's friendship, and I will never forget this event."

The main purpose of Comrade Zhao Ziyang's visit to Korea was to call on General Secretary Kim Il-song and to view the great achievement of the Korean people in their socialist construction. At a banquet before the end of his visit, he gladly said that his purpose had been fully achieved. The Korean comrades also highly valued this visit, holding that the visit made new contributions to the consolidation and development of the friendly relations between the two parties, the two governments, and the two peoples in Korea and China, and added a new chapter to the Korean-Chinese friendship.

Comrade Zhao Ziyang also sincerely invited Comrade Kim Il-song to once again visit China. Kim Il-song gladly accepted this invitation. The frequent contacts between the Chinese and Korean party and government leaders will continuously develop and consolidate the traditional friendship between China and Korea.

**Wang Zhen Meets With Delegation From Japan**  
OW0905163989 Beijing XINHUA in English  
1030 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Chinese Vice-President Wang Zhen met a delegation led by Katsumata Seiichi, former chairman of the Central Executive Committee of the Socialist Party of Japan, here this afternoon in the Great Hall of the People.

The delegation is formed to commemorate the 100th anniversary of birth of former Japanese Prime Minister Katayama Tetsu, who had made positive contributions to the development of Japan-China relations.

**Japanese Joint Venture Investment Increases**  
HK0805114189 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 8 May 89 p 3

[By staff reporter Jiang Xiaoyun]

[Text] Some 75 Sino-Japanese joint ventures with a total contract value of \$83.53 million were approved in the first quarter of this year, according to Wang Yongjun,



deputy director of the Foreign Investment Administration of the Ministry of Foreign Economic Relations and Trade (MOFERT).

In the corresponding months of last year, only 31 Sino-Japanese joint ventures with a pledged investment of \$41.66 million were agreed on.

The new projects range from electronics to machinery and food and other farm produce processing. Most of them are production- and export-oriented.

What makes Japanese investments in China remarkable since last year, said Wang, is that more big Japanese enterprises are involved.

Beijing Matsushita Color CRT Co Ltd with total investment of \$165 million and annual production capacity of 1.81 million colour tubes is under construction. Its first production lines is expected to go into operation in July this year.

Two other big projects, Shenzhen SEG Hitachi Colour Display Devices Co Ltd and Dalian Huaneng-Onoda Cement Co Ltd, were raised this year.

Meanwhile, NEC, a leading Japanese electrical appliance corporation, is planning to set up a joint venture in Tianjin with total investment of \$68 million to produce 300,000 computer-controlled telephone exchanges annually and establish a \$210 million large-scale integrated circuit project in Beijing.

In addition, Sino-Japanese co-operation in producing glass and steel is under negotiation.

The MOFERT official said that most Sino-Japanese joint ventures are highly efficient owing to strict management.

Some six Sino-Japanese joint ventures are listed as model enterprises by MOFERT's Foreign Investment Administration.

They are China Otsuka Pharmaceutical Co Ltd, Tianjin Jinrong Co Ltd, Tianjin Tianfu Soft Tubes Co Ltd, Shenyang Parkerizing Co Ltd, China Nan'ong-Rikio Co Ltd and the Great Wall & Bunkasciko Co Ltd.

To ensure a better investment environment, the MOFERT official said that MOFERT and other government departments are trying to find ways to solve material and power shortages for foreign-invested enterprises. And MOFERT has submitted detailed regulations on the law of foreign-invested enterprises to the State Council for review.

#### **Jilin Delegation Visits DPRK Chagang Province** *SK0905113689 Changchun Jilin Provincial Service* *in Mandarin 2100 GMT 8 May 89*

[Text] At the invitation of the Chagang Provincial Committee of the Korean-Sino Friendship Association, a five-member delegation of the Jilin Provincial Association for Friendship With Foreign Countries, headed by Liu Jingzhi, honorary president of the association, left Changchun for the DPRK's Chagang Province on the evening of 8 May.

Seeing the delegation off at the railway station were Liu Yunzhao, chairman of the provincial committee of the Chinese People's Political Consultative Conference; Liu Xilin, provincial vice governor; Ren Junjie, secretary general of the provincial party committee; Li Cheng, deputy secretary general of the provincial government; Li Jieche, chairman of the provincial Foreign Affairs Office; and Bi Kebin, president of the provincial Association for Friendship With Foreign Countries.

#### **Southeast Asia & Pacific**

##### **Reportage on Outcome of SRV-PRC Talks**

**SRV Diplomat Predicts Ties**  
*HK0905114989 Hong Kong AFP in English*  
*1147 GMT 9 May 89*

[Text] Beijing, May 9 (AFP)—China and Vietnam will likely re-establish trade relations as their second round of talks on normalising relations under way here is making substantial progress, a Vietnamese diplomat said Tuesday.

Talks between the former enemies are progressing under much better conditions than the first round of talks in Beijing in January, the diplomat said.

Vietnamese First Vice Foreign Minister Dinh Nho Liem, who arrived here Saturday, is to meet Chinese Foreign Minister Qian Qichen Wednesday, he added.

Mr Liem, the second-ranking Vietnamese diplomat, met his Chinese counterpart Liu Shuqing for a second consecutive day of talks Tuesday focusing on a settlement to the Cambodian conflict, whose parties have agreed in principle to attend an international conference in Paris in August.

Vietnamese Foreign Minister Nguyen Co Thach could visit China to finalise the normalisation before the Vietnamese withdrawal from Cambodia is complete, the Vietnamese diplomat said. Hanoi has pledged to pull out all its troops before September 30.

China and Vietnam are still at odds on a future role for the Chinese-backed Khmer Rouge in an army of the post-withdrawal coalition government grouping all four Cambodian factions and headed by resistance leader Prince Norodom Sihanouk, he said.

Prince Sihanouk has proposed that a future Cambodian national army be composed of 10,000-man contingents from each of the three resistance factions including the Khmer Rouge, as well as from the current Vietnamese-backed Phnom Penh government.

Under the plan, the remainder of the military forces would be disarmed under international supervision.

The possibility of an international control commission to supervise the Vietnamese pull-out was also discussed at the talks, the diplomat said.

Beyond the issues relating to the future of Cambodia, Beijing and Hanoi have already begun to consider future economic relations.

Mr Liem is expected to visit southern Shenzhen, one of China's special economic zones, near Guangzhou and the British colony of Hong Kong, the diplomat indicated.

**Qian Says 'No Progress' Achieved**  
*OW1005140989 Beijing XINHUA in English*  
1343 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today it is a pity that the second round of consultations the Chinese and Vietnamese vice-foreign ministers held in the past few days failed to make any new progress.

"We had hoped for some progress toward a fair and reasonable settlement of the Kampuchea issue and it's a pity that the consultations have made no progress and achieved no understanding," Qian said at a meeting with Vietnamese Deputy Foreign Minister Dinh Nho Lien here today.

Qian said "We hope that the future Kampuchea will be an independent, peaceful, neutral and non-aligned country maintaining friendly relations with other countries including China and Vietnam."

"We don't want to see Kampuchea plunged in a civil war after the Vietnamese troop withdrawal," he said.

He stressed that Vietnam should be held responsible for eliminating the aftermath of the ten-year-old aggressive war against Kampuchea by hundreds of thousands of Vietnamese troops.

Speaking of Sino-Vietnamese relations, the Chinese foreign minister said that it is China's hope to normalize Sino-Vietnamese relations, but the normalization can be realized only after, not before, the solution to the Kampuchea issue.

Dinh Nho Lien said although the consultations had achieved no progress, they had increased mutual understanding. He said he hoped China and Vietnam could continue the consultations.

Qian replied that Vietnam should show its sincerity over the solution to the Kampuchea issue and do something practical. Only by so doing could there be conditions for further consultations between the two sides.

**Frontier Trade With Burma Increases**  
*HK1005120989 Beijing CEI Database in English*  
10 May 89

[Text] Beijing (CEI)—The frontier trade between China and Burma has been growing in the last few years. The volume last year reached 860 million yuan, 21 times that of 1985.

The Sino-Burmese frontier trade involves local governmental and non-governmental organizations, the bulk of which was between Chinese state-run stores and Burmese merchants.

Business between the minority nationalities along the Sino-Burmese border is brisk. In Ruili County of the Dehong Autonomous Prefecture alone, there are 28 ferries and 64 passes to Burma. Some 8 million merchants and frontier residents pass there every year.

To promote the frontier trade, Yunnan Province has approved the construction of a bridge in the county crossing to Burma.

**Judicial Delegation Leaves for Singapore, Thailand**  
*OW1005042589 Beijing XINHUA in English*  
0530 GMT 5 May 89

[Text] Beijing, May 5 (XINHUA)—A delegation from China's Supreme People's Procuratorate, led by Chief Procurator Liu Fuzhi, left here by air this morning for a goodwill visit to Singapore and Thailand at the invitation of Singapore Attorney General Tan Boon Teik and Thai Prosecutor General Komain Bhatarabhirom.

**Chen Junsheng Meets Papua New Guinean Minister**  
*OW0905162989 Beijing XINHUA in English*  
0814 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Chinese State Councillor Chen Junsheng met Paul Pora, minister of finance of Papua New Guinea, and his party here today.

They exchanged views on further strengthening bilateral relations and cooperation between the two countries.

Pora is visiting China after attending the annual meeting of the Asian Development Bank held between May 4 to 6 in Beijing. During their stay here, Pora and his party also discussed with Chinese Minister of Agriculture He Kang developing cooperation in the fields of agriculture and fishery.

## Near East & South Asia

### Iranian President Khamene'i Continues Visit

#### More on Khamene'i Banquet Speech

LD0905194689 Tehran IRNA in English  
1840 GMT 9 May 89

[Text] Beijing, May 9, IRNA—President Yang Shangkun of the People's Republic of China said Tuesday that the visit of his Iranian counterpart gives a new momentum to the "long-standing friendship" between the two countries.

At a banquet given in President 'Ali Khamene'i's honour at the Great Hall of the People here, President Shangkun noted that both Iran and China lay "profound stress on the two important principles of independence and non-alignment."

He said that based on the two above-mentioned factors as well as on the five principles of peaceful coexistence, Tehran-Beijing ties have greatly progressed during the past ten years.

On Iran's acceptance of U.N. Security Council Resolution 598, Shangkun said that as a permanent member of the Council, China will continue its efforts to speed up the Iran-Iraq peace process in order to stabilize peace in the region.

He reiterated the importance Chinese officials attach to bilateral relations with Islamic Iran and the expansion of such ties.

In response President Khamene'i referred to the "deep-rooted" commercial, economic, technical and cultural ties the two countries have enjoyed since the victory of the Islamic revolution, and said China has climbed up the ladder as Iran's trade partner from the 40th to the 6th position.

Turning to reconstruction efforts following the end of the imposed war, President Khamene'i said Iran seeks cooperation with countries with whom it has "common spiritual and material ties."

Iran is determined to select its friends from among countries which had left no unpleasant memories on the Iranian mind during the past decade "especially during the imposed war," he added.

For this very reason, Khamene'i noted, "we have chosen friendship and cooperation with China" and are ready to conduct joint long-term planning ventures.

Elsewhere in his speech the Iranian president welcomed complete withdrawal of foreign forces from Afghanistan and said the Islamic Republic wants the future government in Afghanistan to be strictly non-aligned and free of any international groupings.

Landlocked Afghanistan is hemmed in by Iran, Pakistan and the Soviet Union with the tip of the remote northeastern Wakhan tail touching China in the Pamir Heights.

Turning to the rightful struggle of oppressed Palestinian Muslims, President Khamene'i announced Iran's readiness to mobilize all its possibilities for an all-out confrontation with the illicit usurper Zionist state.

Meanwhile, political observers have attached great importance to President Khamene'i's visit to China which started Monday, and believe that it will have significant impact on bilateral relations.

According to a letter of understanding signed between the two countries last year, the volume of bilateral trade for 1989 will reach dlr 600 million.

Both Iran and China have repeatedly called for the expansion of bilateral ties and during the past year at least 10 high-ranking officials exchanged visits and discussed further progress of relations.

#### Holds Talks With Zhao Ziyang

OW1005122689 Beijing XINHUA in English  
1208 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Chinese Communist Party leader Zhao Ziyang said here today that there is a solid foundation for China and Iran to develop long-term and steady co-operation.

During a meeting with visiting Iranian President S. A. Khamene'i, Zhao, general secretary of the Chinese Communist Party (CPC) Central Committee, said that China is willing to develop bilateral relations of cooperation with Iran.

Khamene'i expressed the belief that his current visit will help promote the development of bilateral relations, saying that relations between Iran and China are based on many factors, including long-term friendly contacts between the two countries, tasks of building each other's own country and similar or identical views on many important international issues.

Therefore, the president said, there is indeed great potential for Iran and China to develop their relations and there are broad prospects for them to develop long-term and stable co-operation.

Khamene'i briefed Zhao on Iran's foreign policy and its stand on major international issues.

Zhao said that Iran has great potentials for development, adding that governments of developing countries should take advantage of the current international situation to develop their own nations.



Speaking of the disputes between Iran and Iraq, Zhao stressed that as friend of both Iran and Iraq, China hopes an early and lasting peace will be realized between them through mutual understanding and accommodation.

#### **Visits Mosque, Temple**

OW1005145689 Beijing XINHUA in English  
1347 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Visiting Iranian President S.A. Khamene'i visited the Niujie Mosque and the Yoghe Lama Temple here this afternoon.

With a history of nearly 1,000 years, the mosque represents the largest of the 54 mosques in the Chinese capital.

Imam Shi Kunbin, who briefed the Iranian president on his mosque, told Khamene'i that Beijing now has 200,000 Moslems.

Khamene'i, who also performed religious services in the mosque, spoke highly of China's religious policies in recent years.

Both presented Islamic classical "Korans" to each other.

Afterwards, the Iranian president toured the Yonghe Lama Temple.

This evening, Khamene'i met Shen Xiaxi, president of the Islamic Association of China; and other leaders of the association.

Earlier today, the Iranian leader and his entourage drove to the Great Wall.

#### **Talks With Muslim Leader**

LD1005134589 Tehran IRNA in English  
1325 GMT 10 May 89

[Text] Beijing, May 10, IRNA—Iran's President 'Ali Khamene'i Wednesday visited the Mio-Nio-Chieh Mosque here and talked to its prayer leader Imam Davoud, and a group of the Muslim community in the Chinese capital.

The president also inspected the mosque library which includes many volumes of the Holy Koran handwritten by various scribes dating back to about 1500 A.D.

In an address Imam Davoud welcomed Khamene'i on behalf of himself and the Muslim community in Beijing, and expressed hope that the visit would broaden relations between Muslims in Iran and China.

He said there are 58 mosques for 200,000 Muslims in Beijing, and that in its new revised policies the government allowed Muslims more freedom to practice their religion.

President Khamene'i in response appreciated the warm welcome accorded him by Chinese Muslims and said the Islamic Republic felt responsible for the status of Muslims wherever they may be.

"Muslims in China are part of the larger world community of Muslims," the president said and expressed pleasure with the change in the political atmosphere in China toward a better toleration of religious practice.

The Mio-Nio-Chieh Mosque occupying an area of about 1,000 square meters was built in 991 A.D. and combines Islamic architecture with Chinese culture.

There are 25,000 mosques and nine higher education Islamic schools in China.

#### **Sub-Saharan Africa**

##### **Wang Zhen Meets Cameroon Assembly Delegation**

OW0805162189 Beijing XINHUA in English  
0716 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Strengthening its solidarity and cooperation with African countries is one of China's constant state policies, Chinese Vice-President Wang Zhen stated here this morning in a meeting with a visiting Cameroon National Assembly delegation.

He added that China will, as always, resolutely support the African peoples in their efforts to safeguard their rights and interests, and develop their national economies. China also continues to support the states and peoples in southern Africa in their struggle against the apartheid system, and for national sovereignty and security.

Wang Zhen extended a warm welcome to the first Cameroon National Assembly delegation ever to visit China. It is led by the Assembly's president, Fonka Shang Lawrence.

The two peoples have a profound friendship and the two countries have a solid foundation upon which to develop their friendly relations, he said.

Wang Zhen expressed satisfaction over the smooth development of Sino-Cameroon friendly and cooperative relations since their establishment of diplomatic relations in 1971. He also congratulated the delegation on its successful trip to China.

Lawrence expressed the hope that the "great friendship and good relations" between Cameroon and China will continue and develop. During their week-long stay in China, he said, they have seen the Chinese people's superb achievements in economic construction. "Only great and disciplined people can make such great achievements," he stressed.

Wang Zhen noted that China is now still facing some difficulties. But, he said, the Chinese people under the leadership of the Chinese Government are capable of overcoming these difficulties.

The delegation concluded its China trip and left here for Pyongyang this afternoon.

Before its departure, Wang Hanbin, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met with the delegation. It is learnt that Wang Hanbin will lead an NPC delegation to visit Cameroon this fall.

**XINHUA Reviews Sino-African Relations**  
*OW1005100589 Beijing XINHUA in English*  
*0649 GMT 10 May 89*

[Text] Beijing, May 9 (XINHUA)—News in brief on Sino-African relations:

Dakar— On behalf of Senegalese President Abdou Diouf, Senegalese Hydraulic Minister Samba Yella Diop conferred today on Liu Shoudian, director general of the International Company of Economic and Technical Cooperation of Henan Province, the rank of National Commander in the Senegalese Order of the Lion. Liu was honored for exemplary and fruitful assistance to Senegalese socio-economic development.

Rabat—The Moroccan Armament and Fishing Navigation Company is negotiating to buy 12 fishing boats from China. Sino-Moroccan cooperation in fishing began in July, 1988, with the establishment of a mixed fishing company with a capital of 2 million dirhams (more than 240,000 U.S. dollars).

Yaounde—A Cameroonian industrial and commercial mission will visit China from May 24 to June 10 to promote Cameroon goods on Chinese markets and to seek technical and financial partners from China to establish joint ventures in Cameroon.

Tunis—A 12-day exhibition of Hubei Province export products opened in Tunis yesterday afternoon with the display of more than 600 articles of light industry, clothes, silk fabrics, knitted goods, cotton goods, machines and electronics products. More than 30 representatives of import and export companies in the province are taking part in the exhibition.

**West Europe**

**Zhao Ziyang Meets With Turkish Delegation**  
*OW0805212489 Beijing Television Service*  
*in Mandarin 1000 GMT 8 May 89*

[From the "National News Hookup" program]

[Text] Here is a news report we have just received: Zhao Ziyang, general secretary of the CPC Central Committee, received a delegation from the Turkish Social Democratic Populist Party, headed by its Chairman Erdal Inonu, at Zhongnanhai this afternoon.

[Video shows Zhao shaking hands with Inonu and other members of his delegation and posing for photographs with them] At the meeting Zhao Ziyang briefed the guests on China's current domestic situation. He said: Pursuing the reform and open policies, China has achieved great development and made considerable progress in the past decade. Some economic problems, primarily inflation, have appeared last year, but we have worked to correct them and have achieved initial results. Our political situation on the whole is good and stable.

[Video cuts to shots of Zhao and Inonu sitting in adjacent armchairs, with interpreters directly behind them. Alternate closeups are given, interspersed with occasional pan shots of others seated around room] Referring to the student demonstrations in Beijing and other cities over the past few days, Zhao Ziyang said: The situation has not become acute because all along the party and government adopted a very restrained and tolerant attitude and because most students taking part in the demonstrations have acted with increasing reason and paid more attention to order and discipline. He told the guests that most students now have resumed class and that the demands the students voiced in the demonstrations are exactly the problems that the CPC and the Chinese Government are striving to resolve. He added that the Chinese Government and party will resolve these problems by democratic and legal means and further promote China's democratic and legal construction through the solution of these problems.

Inonu praised the tolerant and restrained attitude the Chinese Government and party have adopted in dealing with the student demonstrations.

In addition, Zhao Ziyang said: China will not only continue to carry forward its economic reforms, but also advance its political restructuring so that the two will promote each other. In a country the size of China, it is impossible to carry out reforms and development without encountering any difficulties. On the whole, however, no big problems are expected. Our current reform and open policies will continue; they will not be changed.

**Zhao on Sino-Turkish Cooperation**  
*OW0805123289 Beijing XINHUA in English*  
*1204 GMT 8 May 89*

["Zhao Ziyang: Finding Solution to Students' Questions Will Strengthen Democracy and Legal System"—XINHUA headline]

[Excerpts] Beijing, May 8 (XINHUA)—The solution to many problems raised by China's college students recently will be found in a democratic and lawful manner and this will help promote the country's democratic and legal construction, Chinese Communist Party (CPC) leader Zhao Ziyang said today.

China will not only push forward with its economic reforms, but will also carry forward political restructuring, to allow the two concepts to support each other, Zhao stressed during a meeting with a delegation from the Turkish Social Democratic Populist Party, headed by its Chairman Erdal Inonu. [passage omitted]

During the meeting, Zhao expressed satisfaction with the expansion of Sino-Turkish co-operation in political, economic, cultural and other fields.

The CPC leader said the party has now developed ties with 260 friendly political parties and organizations, in line with the principles of "independence, complete equality, mutual respect and non-interference in each other's internal affairs."

The expansion of party-to-party relations is an important way of developing state relations and friendship among their peoples, he said.

Zhao spoke highly of the Social Democratic Populist Party's contribution to safeguarding state sovereignty and independence, developing the national economy, supporting the just struggles of people of all countries and safeguarding world peace.

Inonu and his party arrived here yesterday for a goodwill visit as guests of the CPC Central Committee. They represent the first delegation to China from their party

This morning, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, held talks with the delegation.

#### FRG Economic Cooperation Minister Pays Visit

##### Feted by Shanghai's Jiang Zemin

OW0705233789 Shanghai City Service in Mandarin  
2200 GMT 2 May 89

[Text] Jiang Zemin, secretary of the Shanghai Municipal CPC Committee, met and feted FRG Minister for Economic Cooperation Warnke at Hongqiao Guesthouse last night.

During the meeting both sides unanimously held that Shanghai Dazhong Automobile Company and the Shanghai subway project, which was built with loans from West Germany are symbols of economic cooperation between Shanghai and West Germany and that this cooperation will be further developed.

Shen Jueren, vice minister of foreign economic relations and trade; Huang Ju, Shanghai vice mayor; and (Zhang Xiang), vice chairman of the municipal Foreign Economic Relations and Trade Commission, attended the meeting and banquet.

##### Meets With Tian Jiyun

OW0705220289 Beijing XINHUA in English  
1146 GMT 4 May 89

[Text] Beijing, May 4 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today Jurgen Warnke, minister for economic cooperation of the Federal Republic of Germany, and his party.

Warnke came to China for a visit at the invitation of Zheng Tuobing, Chinese minister of foreign economic relations and trade. He is now in Beijing attending the 22nd annual meeting of the Board of Governors of the Asian Development Bank.

##### PLA General Meets FRG Air Force Officer

OW0705215989 Beijing XINHUA in English  
0149 GMT 4 May 89

[Text] Beijing, May 4 (XINHUA)—Gen Xu Xin, deputy-chief of General Staff of the Chinese People Liberation Army [PLA], met here today with Lt Gen Horst Jungkurth, inspector of the Air Force of Federal Germany, and his party.

##### Sichuan, FRG Agree on 11 Joint Venture Projects

HK0905121789 Beijing CEI Database in English  
9 May 89

[Text] Chengdu (CEI)—Sichuan Province and Federal Germany's Ebert Fund have agreed on 11 projects for this year's cooperation program, and some of them have already been carried out.

The agreement was reached after Guenther Fichtner, member of the Ebert Fund and executor of the fund in Chengdu, discussed with the province's Economic Planning Commission and its related units in accordance with the national economic and social development plan.

Under the cooperation plan, the Ebert Fund will help Sichuan Province train two groups of mechanics and foreign trade personnel, send German experts to Qonglai County and lecture in Yangping Pastureland Center.

The fund will also provide consultation on afforestation in upper and middle reaches of the Yangtze River and help establish an enterprise management consultation company.

##### Lufthansa, China Air To Set Up Joint Venture

HK0805084389 Beijing CHINA DAILY in English  
8 May 89 p 2

[By staff reporter]

[Text] China Air and Lufthansa, a German airline, last week reached an agreement to set up a joint venture, according to Li Jun, spokesman of the Civil Aviation Administration of China (CAAC).



Li said that the joint venture would be based at Beijing's Capital Airport. Its purpose would be to help China improve its technology in aircraft maintenance.

The West German experts had co-operated with their Chinese counterparts for two years to gain an understanding of the conditions of China's aircraft maintenance before reaching the agreement, Li said.

China Air is to hold 60 percent and the West German company the balance when the venture begins in August, according to a Lufthansa statement.

**Lufthansa To Establish Repair Center in Beijing**  
*HK0805143389 Beijing CEI Database in English*  
8 May 89

[Text] Shanghai (CEI)—The Lufthansa German Airlines will soon invest 1 billion yuan to set up an airline repair center in Beijing, Heinz Ruhnau, president of the company disclosed here on May 6. He said the contract will be signed in Beijing on May 9. According to the president, the maintenance center will enjoy a joint investment term of 15 years. Lufthansa will send 25 experts to help do the preparation work and will also open a technical school to train Chinese maintenance personnel. Moreover, Ruhnau added, the Beijing-Lufthansa center which has been under construction since December last year is scheduled to be completed by 1992. With a total investment of 400 million Deutsche marks, the center is an integration of office building, apartment, department store and meeting room.

**French Bank Opens Office in Beijing**  
*HK0905123389 Beijing CEI Database in English*  
9 May 89

[Text] Beijing (CEI)—The Beijing representative office of the Bank of European Union of France opened here on May 8.

This is the 85th representative office in China of foreign banks.

Jean-Paul Dessertine, executive vice-president of the bank said that the office will provide service for the French and Chinese companies in China and Sino-French joint ventures.

**French Banks To Finance Daya Bay Power Station**  
*HK1005035489 Beijing CHINA DAILY in English*  
10 May 89 p 2

[By staff reporter Liu Hong]

[Text] Four French banks yesterday entered a contract with the Bank of China in Beijing to provide \$196 million in loans to finance a pump storage power station at the Daya Bay Nuclear Power Station in Guangdong Province.

The pump storage facility, first of its kind in China, is designed to make full use of the power generated by the Daya Bay Nuclear Power Station, which is expected to go into operation in 1992 with a designed annual power yield of 10 billion kilowatt hours.

The capacity of the nuclear power station has been geared to the daytime need for power by local factories, businesses and other activities. The nuclear power station will work with the same capacity during the night, when the demand for power is lower.

To prevent waste, the pump storage power station will use the nighttime power produced by the nuclear power station to pump water so the water can then be used to produce electricity during the day, explained Alain Flet, vice president of the Energy, Mining and Special Industries Division of the Credit Lyonnais.

This Paris-based bank has acted as a leading manager in the co-financing for the project. The money provided by the four French banks is part of a mixed credit. The other part of the credit is financial aid and a grant from the French Government, according to an official from the Ministry of Foreign Economic Relations and Trade (Mofert).

The French Government signed a protocol with the Chinese Government at the end of April, promising a total of nearly 1.7 billion francs in financial aid to China this year, the Mofert official said.

A vice president from the Bank of China told people attending the contract signing ceremony that the pump storage power station project is a high priority in the nation's energy development plan.

The pump storage power station comprises two generating units with 600 megawatts each, according to Zhou Yingqi, an official from the Bank of China.

The Bank of the European Union (Banque de l'Union Europeenne), another Paris-based bank, opened its representative office in Beijing on Monday.

Jean-Paul Dessertine, the bank executive vice-president, told CHINA DAILY that his bank has been engaged in supporting ventures leading in the energy and telecommunications industries in France.

**PRC-Austria Sign Railroad Cooperation Accord**  
*AU1005103989 Vienna WIENER ZEITUNG*  
in German 10 May 89 p 11

[Unattributed report: "Know-How for Railroad Construction; Streicher Is Negotiating in China"]

[Text] The Austrian industrial delegation, headed by Nationalized Industries Minister Dr Rudolf Streicher, which is currently visiting Beijing has concluded concrete cooperation agreements between the Chinese railroad industry and Austrian enterprises.

The Voest-Alpine Industrial Plant Construction Company signed an agreement on technical and scientific cooperation on an as of yet unspecified project with the Chinese steel industry.

In addition, cooperation in the construction of railroad tunnels and bridges is planned.

China wants to import Austrian know-how about passenger train cars, and the SGP Company and the Jenbacher Works will offer their expertise.

**Finland To Provide Low-Interest Loans**  
*OW0905055189 Beijing XINHUA in English*  
*1024 GMT 4 May 89*

[Text] Helsinki, May 3 (XINHUA)—Finland will provide factories in China and Thailand with 10-year low-interest loans for 132.7 million Finnish markkas (about 33.17 million U.S. dollars).

All the money will be used to buy technical equipment from Finland.

The Finnish Foreign Ministry reported today that a factory in the Chinese city of Xian and another in Zhenjiang, Jiangsu Province, will receive 92 million markkas (about 23 million dollars). Thailand will receive 40.7 million markkas (about 10.17 million dollars).

**Trade Union Group Leaves for Scandinavia Visit**  
*OW0805161689 Beijing XINHUA in English*  
*0643 GMT 8 May 89*

[Text] Beijing, May 8 (XINHUA)—A Chinese trade union delegation led by Ni Zhifu, president of the All-China Federation of Trade Unions, left here today for a goodwill visit to Finland, Sweden, Norway and the Soviet Union.

The delegation has been invited by the Central Organization of the Finnish Trade Unions, the Swedish Confederation of Trade Unions and the Central Organization of Salaried Employees, the Norwegian Federation of Trade Unions, and the Central Council of Trade Unions of the Soviet Union.

**Wu Xueqian Meets With Irish Visitors**  
*OW0805184989 Beijing XINHUA in English*  
*1031 GMT 8 May 89*

[Text] Beijing, May 8 (XINHUA)—Chinese Vice-Premier Wu Xueqian met here today with former Irish Deputy Prime Minister and Foreign Minister Peter Barry and his party.

**'Chinese Television Week' Opens in London**  
*OW0905122489 Beijing XINHUA in English*  
*0028 GMT 9 May 89*

[Text] London, May 8 (XINHUA)—Audiences here will be able to have a glimpse this week of how the Chinese people live and work through a "Chinese Television Week" that opened here today.

To be shown during the activity, being held at the National Film Theatre, will be 20 TV programs, including plays, dramas and documentaries.

Wang Chuanyu, deputy editor-in-chief of the China Central Television (CCTV), said it is the first time for Chinese television to be introduced to the outside world on such a scale.

He hoped the audience will be able to understand and appreciate the programs, which reflect subjects of growing concern to the Chinese people.

Among the TV dramas is "Revelation of News," which deals with the freedom of the press in China; "Streets and Lanes," which handles the serious housing problem in China's capital of Beijing; and "New Year's Day," which reflects the changing thoughts and values of China's younger generation.

During their stay here, Wang and his two colleagues will also meet the audience to discuss the program policy and funding structures in Chinese television and to view programming from across the genres.

**West Europe Union Defense Commission To Visit**  
*OW0805042289 Beijing XINHUA in English*  
*0146 GMT 6 May 89*

[Text] Paris, May 6 (XINHUA)—A delegation of the Western European Union (WEU)'s Defense and Armament Commission will visit China for the first time this week.

Commission President Peter Kittelman spoke here to XINHUA NEWS AGENCY about his views on East-West relations and his expectations for the visit.

About defense policies, he said: "It's very interesting to get the point of view of China, the most important Third World country, which is outside of the two blocs."

"It's very interesting to be there, from May 12, with the visit of (Soviet leader Mikhail) Gorbachev. It's also interesting to see the development of relations between the Soviet Union and China," he added.

About the military menace in Western Europe, Kittelman said he is "much more optimistic than in the past," and said that a "springtime" has appeared in East-West relations.

On cooperation with the North Atlantic Treaty Organization, he said "the WEU's member countries are unanimous that we must maintain our ties as long as possible, especially with the United States. In the long run, we don't see any changes in this policy of WEU-NATO cooperation."

The WEU's defense expert also indicated that his delegation will also look into the economic situation during its stay in China.

The WEU, formed in 1955 by the Paris Accord between Belgium, Federal Germany, France, the Netherlands, Luxembourg, Italy and Britain, is the common defense institution of Western Europe.

In October 1987, the WEU adopted the Platform of La Haye, redefining the principles of West European security. Spain and Portugal joined the union a year later.

**Seminar Mulls Impact of Unified European Market**  
*OW1005005689 Beijing XINHUA in English*  
1552 GMT 5 May 89

[Text] Shanghai, May 5 (XINHUA)—The "Europe-1992" international seminar opened here today.

More than 60 Chinese and foreign officials, scholars, industrialists, and bankers are attending the meeting.

The theme of the seminar is the relations between the coming unified European market and China and potential for further development.

Pierre Duchateau, EEC ambassador to China, said that the establishment of the unified European market will give China a good opportunity and Chinese commodities will have a broader and more favorable market.

He said that the total trade volume between EEC and China was 12 billion U.S. dollars in 1988, and that economic and cultural exchanges between EEC and China should be expanded.

Chinese experts said that the planned unified European market will pose an opportunity as well as a challenge to China and China should enhance its competitiveness for the new big market.

They also said that the EEC should also create favorable conditions for Chinese goods to enter Europe.

Officials from the Shanghai Municipal Foreign Economic Relations and Trade Commission said that, between 1983 and 1988, Shanghai imported technology and equipment worth more than 1.7 billion U.S. dollars, with about half of them from the EEC.

They said that this year Shanghai has over 100 projects for cooperation with EEC countries.

The seminar was jointly initiated by Li Chuwen, president of Shanghai Federation of Social Sciences Societies, and H. Ruhnau, president of Deutschen Lufthansa Company.

**Zheng Tuobin Attends 'Schuman Day' Reception**  
*OW0905154489 Beijing XINHUA in English*  
1333 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Pierre Duchateau, head of a delegation from the Commission of the European Communities, hosted a reception here this evening to mark the Schuman Day, namely, the European Day.

The European Community came into being on May 9, 1950 when Robert Schuman, then French foreign affairs minister and later regarded as one of the founding fathers of the European Community, made a solemn declaration, known afterwards as the Schuman Plan.

For many years May 9 has been celebrated as the "Schuman Day."

Present at today's reception was Zheng Tuobin, Chinese minister of foreign economic relations and trade.

**East Europe**

**Bulgarian Communist Party Delegation Visits**

**Meets With Liao Hansheng**  
*OW0905163589 Beijing XINHUA in English*  
0815 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Liao Hansheng, vice-chairman of the Standing Committee and chairman of the Foreign Affairs Committee of China's National People's Congress, met with Milko Balev, chairman of the Commission of Foreign Policy of the Bulgarian National Assembly, here today.

Balev, member of the Politburo of the Bulgarian Communist Party Central Committee, is here heading a delegation from the party on a 10-day visit.

The visitors have toured Guangzhou, Shenzhen and Xian since they arrived here May 2.

**Holds Talks With Zhao Ziyang**  
*OW1005124389 Beijing XINHUA in English*  
1204 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Chinese Communist Party (CPC) leader Zhao Ziyang today stressed the importance of the reform of China's political set-up, but said the reform needs to proceed steadily.

"Many difficulties that have cropped up in the course of the reform of the economic set-up cannot possibly be overcome without a reform of the political set-up," Zhao said. "But," he added, "in a large developing country like China, the reform of the political set-up has to go steadily."



Building of legal system and the development of democracy constitute the central task for the reform of the political set-up, Zhao told a delegation of the Bulgarian Communist Party headed by Milko Balev, who is member of the Political Bureau of the Bulgarian Communist Party Central Committee.

Zhao, speaking of China's 10-year-old reform and opening to the outside world, said the country has come across many problems along with a lot of achievements.

"Some problems are quite complicated," Zhao said. "We have found solutions to some, but others remain to be studied."

Problems in the economic field, inflation in particular, primarily stemmed from excessive scale of construction,

which resulted in a situation in which demand outweighs supply, said Zhao, general secretary of the CPC Central Committee.

However, China is likely to see "marked results" in its current economic overhaul by the end of this year, "if no special problems crop up in the coming months," Zhao said, adding that the first four months have seen much improvement in this regard.

During the meeting, Zhao said the relations between the Chinese and Bulgarian Communist Parties are good.

Balev expressed admiration for China's achievements in the reforms and opening to the outside world. He briefed the Chinese leader on the situation in his country.

### Political & Social

**Further Unrest Expected Before Gorbachev Visit**  
*HK1005123689 Hong Kong AFP in English*  
1229 GMT 10 May 89

[Text] Beijing, May 10 (AFP)—Bicycle-riding students heckled the PEOPLE'S DAILY at its doorstep Wednesday in the latest demonstration to press demands for a dialogue with the Chinese authorities on democratic reform.

"The PEOPLE'S DAILY talks nonsense," some of the 5,000 students shouted as they rode past the front gate of the huge compound that houses the official mouthpiece of the Chinese Communist Party Central Committee.

Others cried out: "PEOPLE'S DAILY, reform yourself."

Besides a handful of soldiers who act as security guards at the newspaper, no police were on hand to deter the students or to control a crowd of up to 10,000 onlookers that watched the 30-minute procession pass by.

The students' cross-capital cavalcade also included a 45-minute trip around Tiananmen Square, where some students chanted, "Dialogue! Dialogue!" outside the Great Hall of the People.

Observers said it was the biggest demonstration since Thursday, when tens of thousands of students marched on Tiananmen Square to press demands for a dialogue with Chinese leaders on quicker democratic reform and press freedom.

Zhang Youmei, the government official who handles petitions from citizens, said Monday that Chinese leaders would hold a dialogue with students and other sections of society. But no date has been announced.

Chinese Communist Party General Secretary Zhao Ziyang, meeting here Wednesday with a delegation from Bulgaria, said political reform, though important, must proceed "steadily."

"Many difficulties that have cropped up in the course of economic reform cannot possibly be overcome without political reform," he was quoted by the NEW CHINA NEWS AGENCY (NCNA) as saying.

"But in a large developing country like China, political reform has to go steadily," he said.

Student sources said Wednesday they expected unrest to intensify prior to Soviet President Mikhail Gorbachev's arrival here Monday for the first Sino-Soviet summit in 30 years, although no plans for a demonstration have been announced.

Students from Beijing University, the capital's most prestigious campus, and more than 15 other institutions took part in Wednesday's demonstration.

Many carried red flags bearing the names of their universities and banners demanding greater democracy and freedom of the press.

Others sported green headbands, some of which read: "Long Live Freedom of the Press."

"We want to keep up the pressure on the government and support journalists who want more press freedom," explained one student from Beijing Aerospace University.

Students were also afraid that leaders of the Autonomous Union of Beijing Universities and Colleges (AUBUC) would be expelled for their activities, he said.

The AUBUC, branded as illegal by the government, has played a leading role in organizing student demonstrations since the April 15 death of liberal ex-Communist Party chief Hu Yaobang.

NCNA said the students also "stopped for a short while" outside its headquarters, the studios of Chinese state television, two other newspapers and the Communist Party's Propaganda Department.

It put the number of protester in the "thousands."

Student leaders decided on a bicycle demonstration Monday and vowed to hold more until Thursday, the deadline of their latest "ultimatum" to the authorities on their demands for a dialogue.

Some 2,000 students turned out Tuesday to support reporters who submitted a petition to the All-China Journalists Association, an official body, demanding greater freedom of the press.

Major Chinese newspapers reported the petition Wednesday.

Sources at Beijing University meanwhile said hardline students were continuing to demand the continuation of a class boycott which other campuses gave up on the weekend.

They also said the student-controlled radio had broadcast pre-recorded remarks by leading dissident Fang Lizhi and his wife Li Shuxian, whom the government has accused of encouraging the unrest.

Mr. Fang reportedly dismissed the allegations, while publicly expressing support for the students' cause.

**Deng 'Regretted' Stand on Protesters, Hu Yaobang**  
*HK1005012189 Hong Kong HONGKONG STANDARD*  
*in English 10 May 89 p 1*

[By Tammy Tam in Beijing]

[Text] Chinese paramount leader Deng Xiaoping regretted his tough stand against recent student unrest and had been convinced to soften his attitude, reliable sources told THE HONGKONG STANDARD yesterday.

He also regretted the forced resignation of the former Communist Party General Secretary, Mr Hu Yaobang, in 1987 and the hasty introduction of price reforms last year, which resulted in run-away inflation across the country.

Shortly after confessing his regret, Mr Deng, 84, left for Wuhan, capital of Hubei, for a rest. He left the handling of the student situation to the current General Secretary, Mr Zhao Ziyang.

Mr Deng's admission was related to some intellectuals by Mr Yan Mingfu, head of the party's United Front Work Department.

Mr Zhao, who returned from an official week-long visit to North Korea on April 30, was shocked by the party's tough line on the student movement, the sources said.

Before his departure on April 23, he told his aides the students should be guided but not suppressed. On his return he met with Mr Deng and persuaded him to switch to a softer approach.

Mr Deng, who returned from a short trip to Qingdao on May 2, acknowledged he was wrong to criticise the students.

On April 25, two days after Mr Zhao had left for Pyongyang, Mr Deng questioned the motives of some students and suggested "black hands" (instigators) were behind the demonstrations.

He said the unrest was more than a student movement. It was "political turmoil", he added.

Mr Deng reportedly said a crackdown of the unrest was needed, by force if necessary and even at the cost of bloodshed.

This approach was reflected in a front-page editorial in the PEOPLE'S DAILY the following day, which infuriated students and prompted mass demonstrations on April 27.

Observers in Beijing believe Mr Deng's change of attitude was meant to avoid the type of mistakes made by Mao Zedong in his later years. Mao made a major mistake in neglecting collective leadership.

On May 4, while briefing participants of the Asian Development Bank conference, Mr Zhao said the students' wishes for reforms were shared by the government and the party—an obvious switch in government attitude.

Mr Deng, apparently convinced that high-handed measures would not solve the problem, appreciated Mr Zhao's actions, sources said.

Beijing University students will hold a bicycle parade today to press demands for talks with the government.

Three campuses will join Beijing University in boycotting classes. They are Beijing Normal University, People's University and Beijing Agricultural University.

About 500 students from Tianjin will cycle to Beijing this weekend to support counterparts there.

**Further on Student Reactions to Zhao's Speech**  
*HK0905050789 Beijing RENMIN RIBAO in Chinese*  
*6 May 89 p 1*

["Beijing's Universities and Colleges Resumed Classes Yesterday; Zhao Ziyang's Speech Has Evoked Positive Repercussions"]

[Text] Beijing, 5 May—After boycotting their classes for nearly 2 weeks, some university students in Beijing returned to their classrooms today. Our reporters have separately been to nine institutions of higher learning today. The university campuses have returned to their usual tranquility. Most classrooms are filled with students attending classes with undivided attention. In our conversations with teachers and students, Zhao Ziyang's speech yesterday has become a common topic.

In Qinghua University, some 80-90 percent of the students are in the classrooms today. All teaching buildings are in very good order. According to a briefing, even such political courses as "contemporary socialism," which were usually attended by few students, are attended by many students. The English graded examination, which was originally scheduled for 18 May, is expected to be held as scheduled.

In Beijing University of Science and Technology, over 80 percent of the students attended classes, almost the same as usual. He Fuquan, assistant professor at the Machinery Department, told our reporter: "After the resumption of classes, the study order is particularly good. It is even better than before the class boycott." The school is discussing with teachers and students how to make up for the missed lessons.

According to statistics from the Dean's Office of Beijing Science and Engineering University, a total of 2,879 students attended classes this morning, accounting for 74.6 percent of the total number of students. In a classroom of the Management Department, some students engaging in self-study told our reporters about their views on the



resumption of classes. Some said: "It is time to resume classes. Seeing that the party and the government are so reasonable, the students should also be reasonable." Some said: "Class boycott has produced effects and results and its aim has basically been achieved." Still others said: "We have to resume classes."

In Beijing Agricultural University, according to the teaching plan, lectures should be given in 26 classes this morning. In truth, lectures were given in 24 classes and attended by 820 students, accounting for 76 percent of the students who should have attended the classes.

In Beijing Aerospace University, 67.5 percent of the students attended classes today. A responsible person of the Dean's Office said: "There will be no problem in resuming all classes next Monday." A student of the 1986 class said: "Although we say that 'we boycott classes without giving up our studies,' our studies are still affected. After hearing Zhao Ziyang's speech, I think we should end the class boycott."

In the People's University of China, more than half of the students attended classes or studied in the libraries this morning.

In the quiet campus of the Central Institute of Fine Arts, the "Notice on Resumption of Classes" is particularly eye-catching. The leaders of the institute went to various classes to inspect the resumption of classes.

In Beijing University and Beijing Teachers' University, the school campuses are also very quiet today. There are markedly fewer people reading big-character posters than there were several days ago. The number of students attending classes has increased, but many students still do not attend classes. In the 134 classes of the main teaching building of Beijing University, 48 classrooms have classes; the students attending classes in each classroom account for only half of the students who should have attended classes. It is understood that some students did not attend classes because: 1) They are worn out after taking part in yesterday's demonstration; 2) some students have gone home or traveled to other places during the class boycott; and 3) some students are continuing the class boycott on the grounds that the aim of holding a dialogue with party and government leaders has not been achieved. Most students in Beijing Teachers' University said: "We shall attend classes next Monday."

In the nine institutions of higher learning we visited, almost everyone was discussing Ziyang's speech. When the television station broadcast Ziyang's speech last night, many students taking part in the demonstration had not returned to school. After listening to the broadcast and reading newspapers this morning, they enthusiastically talked about the matter. When we went to the students' canteens in some universities and colleges at noon, we heard that Ziyang's speech was a central topic of discussion at the dining tables.

Zhao Ziyang's speech has been extensively well received among teachers and students. The students in Beijing University of Science and Technology generally hold that, in his speech, Zhao Ziyang has found common points between the party and government on the one side and the students on the other. They summed up their impressions in the following three points: The first is truthfulness. In his speech Zhao Ziyang pointed out that the students were both satisfied and dissatisfied with the Communist Party and the government. This has driven home the true mentality of all people. The second is objectivity. In his speech Zhao Ziyang said that a small number of people might utilize the students, but he did not say that they had manipulated the students. This is in keeping with the actual conditions. The third is fairness. In his speech Zhao Ziyang affirmed the students' patriotic enthusiasm, thus removing people's misgivings.

A student of the Economics Department in Beijing Teachers' University said: "Ziyang's speech has manifested the sincerity of the party and the government. If they had looked upon us university students as Ziyang said, we would have achieved our aim." Another student majoring in Chinese also aired his view. He said: "Ziyang's speech only indicates an attitude. The key lies in whether or not there will be genuine measures and actions."

Deng Liangping, a student from Beijing Aeronautical Engineering Institute who walked out during a "dialogue" with a government spokesman several days ago, said: "Ziyang's speech is to the point, mild, and readily acceptable." However, a teacher of the school said: "The speech has touched upon the issue of corruption. It is more fervently hoped that the central authorities will take actions and grasp some typical examples on the questions of official profiteering and clean government."

A responsible person of the party committee of the Central Institute of Fine Arts said: "In his speech Ziyang pointed out the need to 'extensively hold consultations and dialogues.' I cannot help recall that many years ago Premier Zhou and Vice Premier Chen Yi often went to universities to have talks with teachers and students. In this way, our hearts are closer to each other and the problems can easily be solved."

**Exiled Dissidents Doubtful of Reform's Future**  
HK0705025089 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST in English 7 May 89 p 11

[By Marlowe Hood]

[Text] Beijing's newly-politicised and newly-organised university students, flush with victory, have called a truce in their struggle to usher into China an era of political reform.

Communist Party leader Mr Zhao Ziyang has added to a stunning series of government concessions by promising to "meet reasonable demands", and students have responded by ending a one-week boycott of classes. The momentum towards democracy seems irresistible.

So much that has happened in the last two weeks is without precedent in the history of communist rule in China. The government backed down not just once, but twice—on April 23 and on May 4—from strongly-worded threats to prevent protesters from gathering in Tiananmen Square.

Student leaders, albeit not the ones favoured by demonstrators, berated senior Chinese leaders on national television. A handful of what are supposed to be government-controlled newspapers defied orders from on high by reporting accurately on the unauthorised student marches.

Can this be totalitarianism in retreat? Is the most effective police state ever to rule over China unravelling at the seams? Is democracy, at long last, forcing its way through the Forbidden City's doors?

Perhaps it is best to frame the question differently. Have events in the past 21 days resulted in any fundamental changes?

An extraordinary conclave of 30 prominent, independent Chinese intellectuals and purged officials gathered in the United States last week to ponder China's future and the role they might play in shaping it. Their answer to this last question was a resounding "No".

Among them were: Mr Liu Binyan, the famous investigative journalist targeted in the same campaign against "bourgeois liberalisation" that claimed Mr Hu Yaobang as its most powerful victim; political theorist and PEOPLE'S DAILY editor Mr Wang Ruoshui, who came to grief during the 1983 onslaught against "spiritual pollution"; Mr Wu Tianming, the film maker and producer who survived these ideological witch-hunts only because he single-handedly put China on the map of international cinema; and Mr Liang Congjie, grandson of legendary Qing Dynasty reformer Liang Chi-ch'iao and editor of the independent journal, INTELLECTUAL.

These battle-hardened advocates of democracy refused to join in the euphoria.

As reports of secret Politburo meetings dominated by hard-liners filtered into the group by means of long distance phone calls to well-placed sources, the collective mood turned from excitement to gloom.

"Don't be too happy," admonished Mr Wu Tianming in one of the open sessions. "Those holding power in China will not—indeed cannot—change their ways, their 'ism'.

This is certain. When they say they will thoroughly liquidate the so-called trouble-makers, they mean it. The fundamental contradictions are irreconcilable.

"Mao was right: Reactionary forces will never roll over and die, they will only succumb to force. Please, don't be prematurely happy."

Mr Wu's pessimism was widely shared. When an American expert on China said at the symposium that the government's actions suggested confidence and stability, the Chinese participants reacted in unison.

"If the state is holding a great hammer over the heads of student demonstrators but, but the moment, has not slammed it down—we can hardly call that a stable situation," said Mr Liang Congjie.

What appears to be restraint and reasonableness on the part of Chinese leaders can, from another perspective, be interpreted as weakness and tactical manoeuvring. The government's response to the current crisis is probably best explained in terms of three factors:

—Senior leaders knew that trouble was brewing, but they were caught off guard by the timing of the demonstrations.

Beginning months beforehand, they had focused all of their damage control efforts on May 4, the 70th anniversary of a student protest which has come to symbolise the yearning of China's educated class for democracy and freedom. But it was the sudden and unexpected death of Hu Yaobang on April 15 that ignited the seething discontent among students and intellectuals.

As the protests gathered momentum, the government shrewdly calculated at the last minute—despite their stated intention of quashing the protests—that repression could spark massive civil unrest.

The leadership was equally surprised by the number of students who took to the street and the obvious support they enjoyed from the general urban population. If there had been 10,000 students rather than 100,000 students marching to Tiananmen, there is little doubt that they would never have made it half way.

—Intense factional infighting at the top has also contributed to the government's "restraint".

A weakened Mr Zhao Ziyang—on the verge of political extinction, according to many report—has used the student demonstrations as a chance to regain some measure of power.

Much of the official Chinese press, including the PEOPLE'S DAILY, the WORKER'S DAILY and the SCIENCE AND TECHNOLOGY DAILY, have taken advantage of this opportunity to come to Zhao's rescue.

While Mr Zhao is not, in the eyes of students, a paragon of reform, the party general secretary is still more willing than any other senior leader to experiment with changing the political system.

"There is little doubt that if Zhao is toppled from power that the reforms will be dead," noted Mr Wang Ruoshui at the conference last week;

—Finally, there is the imminent visit of Mr Mikhail Gorbachev, the importance of a successful summit for Chinese leaders can hardly be exaggerated.

Mr Deng Xiaoping will do what ever he can to avoid the humiliation of massive demonstrations while Mr Gorbachev—along with nearly 1,000 journalists—is in China.

By agreeing to negotiate with the students, he hopes to buy enough time to make it through Mr Gorbachev's four-day visit.

**Students, Agriculture Officials Hold Dialogue**  
*HK1005031189 Beijing RENMIN RIBAO in Chinese*  
8 May 89 p 1

[Report by RENMIN RIBAO reporter Jiang Jianke (5592 1696 4430) and XINHUA reporter Pu Liye (5543 4539 2814): "Leading Officials of Ministry of Agriculture Hold a Dialogue With College Students"]

[Text] Beijing, 7 May (XINHUA)—This morning, He Kang, minister of agriculture, Wang Lianzheng, vice minister of agriculture, and Hong Fuzeng, vice minister of agriculture invited more than 20 students from Beijing Agricultural University and Beijing Agro-Engineering University and held frank talks with them on questions concerning agricultural production, agricultural education, peasants' interests, and so on.

During the talks, some students complained that agriculture is the basis of our country's national economy. However, the state investment in agriculture has actually dropped over the past few years. The students asked the minister of agriculture to explain this situation. He Kang said that it is true that over the past few years the state has repeatedly called for attaching great importance to agriculture, but actually has not increased investment in agriculture. The fundamental reason is that for a long time, the state has laid excessive stress on industrial development, but overlooked agricultural development, thus causing a serious imbalance between industrial and agricultural development. Besides, the state's estimate of China's agricultural situation in 1984 was too optimistic. He Kang said that the Ministry of Agriculture should take responsibility for this erroneous estimate. Four years of slow going in agricultural production has made the Chinese leaders at all levels realize the importance of agriculture as the basis of China's national economy. The central authorities have explicitly pointed out that agricultural development not only depends on policies, science and technology, but also depends more on the input

in agriculture. This year, most of the regions of our country have correspondingly increased their inputs in agriculture. As a result, our country's agricultural production has begun picking up. He Kang said that he expects the situation of slow going in our country's planting industry to be reversed this year.

During the talks, the students expressed their dissatisfaction over the insufficient educational expenditure in universities of agricultural sciences. He Kang said that it is true that the educational expenditure has been insufficient and even smaller than the educational expenditure in other types of institutions of higher learning. This is indeed a problem which has made people worry. Nevertheless, this problem is closely related to the drop in the state investment in agriculture. The Ministry of Agriculture has exerted its utmost to support agricultural education. He Kang said that during the period of the Sixth 5-Year Plan, funds allocated to support the capital construction of the 18 universities and colleges under the jurisdiction of the Ministry of Agriculture accounted for one third of the total state investment in agricultural capital construction. Over the past 10 years, despite a big drop in the state investment in the overall agricultural capital construction, the Ministry of Agriculture has continuously managed to allocate some 20 percent of its funds to the universities and colleges under its jurisdiction. However, it is true that such funds are far from enough in meeting the actual needs. At present, the teaching facilities, student dormitories, and teaching equipment of the agricultural universities and colleges are still very simple and crude. The Ministry of Agriculture is fully aware of this problem and will take steps to solve this problem as soon as possible. He Kang said that at the same time, he hoped that all the students attending today's talks will pass his remarks to their fellow students on the various campuses and ask them to show understanding for China's current financial difficulties.

He Kang also said that despite a 13-million-yuan decrease in the state investment in agricultural capital construction this year, the educational expenditure of the agricultural universities and colleges will increase by 1 million yuan. The students applauded upon hearing this.

During the talks, the students from two agricultural universities also complained that some of the buildings belonging to their universities are still occupied by some units and demanded those units to return those buildings to their universities in accordance with the relevant agreements.

After the talks, some students said that they welcome such an equal and frank dialogue and hope that the government will really take practical measures to resolve the various problems existing in China's agricultural production and agricultural education.



**Industry Officials Hold Dialogue With Students**  
*HK0905144889 Beijing RENMIN RIBAO in Chinese*  
8 May 89 p 1

[Report by Pi Shuyi (4122 2885 5030) and Qin Hua (4440 5478): "Leading Officials of Ministry of Machine Building and Electronics Industry Hold a Dialogue With College Students"]

[Text] Beijing, 5 May (RENMIN RIBAO)—This afternoon, five vice ministers from the machine building and electronics industry, and some departmental and bureau directors of the ministry, held a dialogue with 20 students from the Beijing University of Technology, the Beijing Engineering Industrial Management College, and the Beijing Information Engineering College under the ministry's jurisdiction, and discussed and exchanged their views with the students on such issues as increasing education funding, improving teaching and living conditions as well as job assignments for university students, how to appraise the current student unrest, rectifying the market order with regard to color television sets, and controlling the importation of cars.

Some students pointed out that speculation in color television sets was rampant in society. Wang Guohua, director of the Inspection Bureau under the ministry said: The market for color television sets was indeed relatively confused during the previous period. This was because the contradiction between the supply of and demand for color television sets was sharp, macroeconomic management of the marketing of the sets was lax, some localities sold the sets at higher prices by breaking the state-set price ceilings, and some units and individuals were engaged in profiteering from the resale of the sets for exorbitant profits. Beginning last February, color television sets were put under exclusive state control. Illegal speculation has now been headed off on the whole.

In answering the question raised by the students about controlling the importation of cars and promoting the country's own auto industry, Dai Shiqing, acting chairman of the board of directors of the China Auto-Industry Association, said that the state had decided to accelerate the development of its own auto industry. Last year, Shanghai turned out more than 10,000 Santana cars. The No 1 Automobile Plant [in Changchun] is expected to turn out several thousand Audi cars this year. A production line with a capacity of 300,000 cars a year is to be built in the No 2 Automobile Plant [in Hubei]. In the coming 2 or 3 years, domestically made cars will meet part of the domestic need.

**Students Continue Protest Actions in Beijing**

**'Thousands' Protest 10 May**  
*OW1005101989 Beijing XINHUA in English*  
0948 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Thousands of college students staged a demonstration on bicycles in Beijing today, demanding press freedom and a speeding up of the dialogue with party and government officials.

The demonstrators stopped for a short while outside the office buildings of the Central People's Broadcasting Station, Central TV Station, XINHUA NEWS AGENCY, PEOPLE'S DAILY, GUANGMING DAILY and BEIJING DAILY, as well as the Propaganda Department of the Chinese Communist Party Central Committee.

They came from Beijing University, Qinghua University, Beijing Normal University, Beijing University of Political Science and Law, and other higher education institutions.

The demonstrators shouted such slogans as "Press Freedom", "Support the Beijing Journalists' Petition", and "We Demand Early Dialogues With Party and Government Officials".

Traffic was tied up where the demonstrators passed today. It was the largest students' action since tens of thousands of students demonstrated in central Beijing May 4.

**Crowd Indifferent to Protestors**  
*HK1005102289 Hong Kong AFP in English*  
1019 GMT 10 May 89

[Text] Beijing, May 10 (AFP)—Some 5,000 students took to the streets of Beijing on their bicycles Wednesday in a second straight day of demonstrations to press demands for a dialogue with the authorities on democratic reform.

No incidents were reported as the flag-bearing, slogan-shouting students circled Tiananmen Square for 45 minutes, then made their way home via the offices of the Communist Party newspaper PEOPLE'S DAILY.

"Dialogue! Dialogue!" they shouted as they passed the Great Hall of the People, the seat of China's parliament, on their way into Tiananmen Square.

Later, outside the main gate of the compound housing China's most important newspaper, they chanted: "PEOPLE'S DAILY talks nonsense" and "PEOPLE'S DAILY, reform yourself."

Tens of thousands of pedestrians and rush-hour commuters watched the students ride by. None seemed disturbed by the parade, which jammed traffic for several blocks, but neither did they cheer them on.

The demonstrators had left Beijing University, the largest campus in the capital known as Beida, at around 1:00 p.m. (0400 GMT), and headed by bicycle towards the city centre 15 kilometers (nine miles) away.

The students wore headbands with inscriptions including "Long Live Freedom of the Press."

Demonstrators from other campuses gathered in the north of the capital.

Beida student leaders had earlier said they would demonstrate outside the offices of PEOPLE'S DAILY, the Great Hall of the People, the NEW CHINA NEWS AGENCY and the Beijing municipal headquarters.

Student leaders decided on this new form of action Monday, saying they would continue until Thursday, the expiry date of their latest "ultimatum" to the authorities for the opening of a dialogue, notably on the freedom of the press.

They were backed Monday by about 300 journalists who had joined the students May 4 when some 300,000 people demonstrated in the capital for more democracy.

About 2,000 students had gathered outside the building of the All China Journalists Association Tuesday to support journalists who delivered a petition demanding a dialogue with the authorities on freedom of the press.

Student sources said the student-controlled Beida radio had late Tuesday broadcast tape-recorded remarks by top dissident Fang Lizhi and his wife Li Shuxian, who have been accused in some circles of being behind the unrest that followed the death of former party chief Hu Yaobang April 15.

The astrophysicist dismissed the allegations while publicly expressing support for the student movement and disgruntled journalists, they said.

The unrest in the capital is expected to intensify with the arrival, set for Saturday, of several hundred student protesters from Tianjin, a large industrial city some 120 kilometers (75 miles) away, the sources said.

Soviet leader Mikhail Gorbachev is due to arrive here Monday for a summit meeting with senior Chinese leader Deng Xiaoping.

#### Continued Reportage on Journalists' Activities

##### Support for Petition Noted

OW1005063789 Beijing XINHUA in English  
0539 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Highlights of today's major Beijing-based newspapers:

Many of today's papers report that a petition signed by more than 1,000 Beijing journalists who want discussions with party and government officials on press reform was submitted to the All-China Journalists' Association here yesterday. About 1,000 students gathered outside the association building to express their support for the journalists.

The "GUANGMING DAILY" and the "PEOPLE'S DAILY" report Vice-Premier Wu Xueqian as saying at the close of a national conference on Overseas Chinese

affairs that no solicitation of contributions from Overseas Chinese will be allowed. Departments in charge of Overseas Chinese affairs should regard this as an important measure against corruption.

#### "PEOPLE'S DAILY"

The overseas edition carries a frontpage report that a new system of corruption-prevention is being tried in the province of Hainan, south China. The posts of city and county officials cannot be occupied by local people; thus pressure from relatives is avoided. Relatives of officials cannot work in units under the charge of the officials; and officials cannot take part in decisions on such things as dismissal, punishment and rewards for themselves.

#### "CHINA DAILY"

The paper says Vice-Premier Wu Xueqian yesterday praised overseas Chinese, as well as compatriots in Taiwan, Hong Kong and Macao, for playing a "most active and enthusiastic part" in the development of the mainland and in Sino-foreign co-operation on the economy, and in culture, science and technology, in the course of the nation's opening to the outside world.

#### Press To Aid Corruption Cases

OW1005064989 Beijing XINHUA in English  
0604 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—The Chinese press will be allowed and helped to make investigative and follow-up reports on major corruption cases referred to the Ministry of Supervision, the overseas edition of the "PEOPLE'S DAILY" says today.

It quotes a ministry spokesman, Xue Mufeng, as saying investigative and follow-up reporting will help to improve ministerial supervision over the functioning of government organizations.

It will also let the public know how corruption cases are handled. In the past such cases were commonly made known to the press only after they were settled. Supervisory bodies will give the press details of the cases they are dealing with.

The move, Xue said, is prompted by the recent demands of Beijing University students to crack down on corruption.

He announced that the Ministry of Supervision will call local meetings soon to discuss how to speed up the handling of corruption cases. It will also welcome reports of corruption from the press.

### Media Coverage Criticized

HK0905144089 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0650 GMT 9 May 89

["Newspaper in Beijing Asks: Why Should 'Short Circuits' Often Happen in the Public Media?"—ZHONGGUO XINWEN SHE Headline]

[Text] Beijing, 9 May—More often than not, there emerges a "short circuit" [duan lu 4252 6424] whenever "events of great importance" happen. Hence, the advocacy of "letting the people know about events of great importance" has become an empty phrase. When asked why, media scholars smiled a forced smile and said nothing about it.

In an article carried today, GONGREN RIBAO says that when Comrade Yaobang suddenly passed away, the entire nation mourned for him. The feelings were so sincere and the atmosphere so solemn and tragic that the public mourning was not inferior to the mourning 13 years ago for Premier Zhou. Newspaper people in the capital shuttled back and forth between their Editorial Department offices and Tiananmen Square round the clock. They recorded on-the-spot interviews, videotaped the progress of events, and took photos. With their eyes becoming hot and red and their voices getting lost, they were still busy running about trying to gather information of all aspects to objectively and fairly present the truth of events; thinking to build with heart and soul, a bridge of mutual understanding between university students and government leaders through information exchanges. However, in newspapers, on radio programs, and on television screens, people saw and heard almost nothing about the mass mourning activities.

In the meantime, foreign as well as Hong Kong and Macao journalists were unprecedentedly active. With the aid of electric waves, their coverage about the mass mourning activities was continuously beamed through the atmosphere to the Chinese mainland, thus reaching "the homes of ordinary people." Whether their accounts were true or false people were in no position to distinguish, to compare, or to judge. Hence, like having wings, alley news spread rapidly all over the town, creating public confusion.

GONGREN RIBAO says: Many people with lofty ideals have criticized the selling of exports in the domestic market in news terms, saying that this way of doing things has grossly violated the citizens' right to know and also lowered the prestige of the domestic press media. As news is impeded through official channels, alley news is thus spreading unchecked. We must conscientiously learn and keep historical lessons in mind.

**Zhao Meets Overseas Chinese Work Conferees**  
OW0905165689 Beijing XINHUA Domestic Service  
in Chinese 1353 GMT 9 May 89

[Local Broadcast News Service; by reporter Hu Qinghai]

[Text] Beijing, 9 May (XINHUA)—This morning at Zhongnanhai Zhao Ziyang, Li Peng, Hu Qili, Wang Zhen, Wu Xueqian, Ding Guangen, Ye Fei, Fang Yi, and

other leading comrades met with all participants in an Overseas Chinese affairs work conference sponsored by the State Council. The leading comrades also posed with them for photographs.

The conference, which ended today, began on 5 May. Prior to the conference Premier Li Peng called a premier's work session, which he chaired. He heard a work report by the State Council's Office of Overseas Chinese Affairs and made remarks on the work concerning Overseas Chinese.

At the work conference on Overseas Chinese affairs, it was pointed out that the fundamental task of Overseas Chinese affairs departments from now on is to protect the just and legal rights and interests of Chinese residing abroad, returned Overseas Chinese, and dependents of Overseas Chinese; unite them on a broad scale; enhance friendship with foreign nationals of Chinese origin; and strive to revitalize China, reunify the motherland, and develop friendly and cooperative relations with the people of all countries.

In addition, the conference pointed out: In recent years Overseas Chinese affairs departments have done a great deal of work and achieved considerable results in developing contacts, cooperation, and exchanges with Overseas Chinese and foreign nationals of Chinese origin and their organizations, with a view to soliciting their participation to serve the needs of our economic construction. Over the past 5 years the Overseas Chinese affairs offices of the State Council and various localities have received a total of more than 4.1 million Overseas Chinese; foreign nationals of Chinese origin; and compatriots from Hong Kong, Macao, and Taiwan. According to the statistics, the enterprises established as legal entities in China with investments by compatriots from Hong Kong, Macao, and Taiwan; Overseas Chinese; and foreign nationals of Chinese origin account for over 80 percent of the "three kinds of foreign-funded enterprises" [Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and enterprises owned solely by foreign investors] that presently exist in our country. Their investments account for more than 70 percent of total foreign investment in the "three kinds of foreign-funded enterprises." Some of these investments were solicited by Overseas Chinese affairs departments.

Vice Premier Wu Xueqian attended the conference this afternoon and made a speech on behalf of the State Council.

Some 200 people attended the conference. They included responsible persons from the concerned departments of the CPC Central Committee and the State Council; responsible persons from certain provinces, autonomous regions, and municipalities; and responsible comrades from central and local Overseas Chinese affairs departments.



**Wu Xueqian on Overseas Chinese**

HK1005035289 Beijing CHINA DAILY in English  
10 May 89 p 1

[By staff reporter Chang Hong]

[Text] Praise for the "most active and enthusiastic part" played by Overseas Chinese in mainland development came yesterday from Vice-Premier Wu Xueqian. They as well as compatriots in Taiwan, Hong Kong and Macao, had done much in Sino-foreign co-operations on the economy, and in culture, science and technology in the course of the nation's opening to the outside world.

Speaking at the close of a national conference on Overseas Chinese affairs, Wu said that better work among the 30 million compatriots living abroad would be of importance to promoting the all-round exchanges between China and other countries and improving the friendly relations among them.

The five-day conference attended by more than 200 central and local government officials who are in charge of Overseas Chinese affairs ended yesterday in Beijing.

According to the State Statistical Bureau, the number of enterprises with investment from compatriots from Taiwan, Hong Kong, Macao and from foreign countries accounts for over 80 percent of the total number of enterprises with foreign investment. The funds they have injected accounts for 70 percent of the total.

Compatriots living abroad have also been active in introducing foreign expertise to China.

The vice-premier urged relevant government departments to step up their efforts and further the work in this regard.

Earlier at the conference, another senior government official had said the government would do its best to help Overseas Chinese.

Liao Hui, director of the Overseas Affairs Office under the State Council, said most of the Overseas Chinese, in more than 90 countries, had become citizens of the countries in which they lived.

Liao reiterated that the Chinese Government would continue to encourage Overseas Chinese to choose the nationalities of the countries where they lived and to abide by the laws of those countries.

They were also told to respect local customs and habits, live harmoniously with local people, and contribute to the economic prosperity of the countries, the director said.

As for the nationalities of overseas compatriots, Liao said, the Chinese Government would uphold its principal of not recognizing dual nationalities.

**More on Address**

OW0905153789 Beijing XINHUA in English  
1511 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Work concerned with the affairs of Overseas Chinese must be carried out in accord with China's independent and peaceful foreign policy and tally with the five principles of peaceful coexistence, so that it can be kept on the right track, a senior official said today.

Chinese Vice-Premier Wu Xueqian told a State Council work meeting on Overseas Chinese affairs, which closed today, that the great change in Overseas Chinese society is that many Overseas Chinese have now taken out foreign citizenship.

He said that a distinction must be made between efforts to deal with Overseas Chinese and those of foreign nationalities.

The latter, he added, "will never accept duties and shoulder responsibilities for China as Chinese citizens do."

"Overseas Chinese of foreign nationalities have blood and cultural relationships with Chinese nationality or have relatives and property in China," he said, "and we should keep contact and strengthen friendships with them—but never hurt their feelings."

Wu said that increasingly, local governments and departments will become more familiar with the sensitivity of such work and should "attach great importance to it."

He said considerable progress has already been made in implementing the country's Overseas Chinese policy, expanding contact with Overseas Chinese and developing economic, cultural and scientific co-operation with them.

Wu also said that malpractices in dealing with Overseas Chinese, such as asking them for money and using power for personal interests when dealing with them, must be eradicated.

**Culture Minister Interviewed on Democracy**

HK0905141189 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 18, 1 May 89 pp 15-17

[Article by Zhao Shilin (6392 1102 2651): "An Interview With Wang Meng Prior to May 4th Anniversary"]

[Text] This year is the 70th anniversary of the May 4th Movement. People in different circles are making preparations to solemnly celebrate this great movement. The writer interviewed famous author and Culture Minister Wang Meng, who had just returned from his visits to New Zealand and Australia.

Zhao: On the occasion of celebrating the 70th anniversary of the May 4th Movement, a general view is that history seems to have drawn a big circle over the last 70

years since the May 4th Movement. In the era of the May 4th Movement, people were afraid of "national and racial extinction"; today we are worried about being "expelled from global membership." Today's "cultural fever" is facing the same problems and conflicts, carrying out the same criticism, and venting the same feelings as the new cultural wave during the May 4th Movement. Do you agree with this "theory of cycling"? What do you think is the way to carry forward the democratic and scientific spirit of the May 4th Movement?

Wang: The assertion of "drawing a big circle over the last 70 years" is not accurate and does not conform to historical facts. Fundamental changes have taken place in our country since the founding of the PRC. These changes are quite different from those during the May 4th Movement. Let me cite three commonly noticed examples. 1) The task of opposing imperialist aggression and achieving independence and unification has basically been completed. The settlement of the Hong Kong and Macao issues is quite amazing. Public opinion abroad is paying close attention to this but the mainland people have responded slowly. The Taiwan issue is a little different and more complicated. But we do not have different opinions with the Taiwan authorities on the questions of "one China" and "reunification." Over the last few years we have done a great deal for "peaceful reunification." Although work remains very arduous, relaxation is beginning to appear in the deadlocked situation. 2) The situation of long-standing unrest has greatly changed. People with a slight knowledge of modern history understand that civil wars and wars against aggression kept occurring in China since the opium war, and these wars had caused great disasters to the country and the people. Although catastrophies and unrest arose during the cultural revolution, the tragedy of war has ended since the founding of the PRC. 3) There have been marked improvements in the life protection, health condition, and education of the Chinese people as compared with those during the May 4th Movement.

Of course, these examples do not suggest that the tasks set forth by the May 4th Movement were all completed. The "democratic" and "scientific" spirit of the May 4th Movement has to be further developed because the formation of democracy and science is in itself a long-term task and takes a long period. Without modernization, the tasks set forth by the May 4th Movement will remain unfulfilled.

Zhao: Because the country has a long feudal cultural tradition, the formation of democracy and science has become particularly difficult and arduous. Therefore as Lu Xun said, there is a need to wage a tenacious struggle.

Wang: Frankly speaking, China is very undemocratic or lacks democracy in many aspects. Ignorance, superstition, and nonsense or even antisience can be seen in many fields...

Zhao: Many aspects of our social life require a modern enlightenment, a democratic enlightenment, and a scientific enlightenment...

Wang: Democracy and science are now referred to in more profound and specific terms than during the May 4th Movement. Recently He Xin had an article published in RENMIN RIBAO. His expositions enlightened many people. Take democracy as an example. Today the question is not whether there is a need to practice democracy but how to genuinely practice it. For example, it is reasonable to combine the struggle for democracy with the struggle against feudalism, but is the struggle against feudalism an important condition for practicing democracy? To put it more specifically, will there be democracy after the overthrow of feudalism? In terms of combating feudalism, our tone is stronger than Japan's, Taiwan's, and Hong Kong's, as are our measures, such as eliminating the landlord class and so on, but these did not immediately lead to the formation of democratic politics. This problem needs to be further explored. Insofar as the struggle against feudalism is concerned, no other parties in China are firmer and more thorough than the CPC. The CPC arose out of the struggle against feudalism and tradition.

Zhao: The Communist Party came into being with an image characterized by a strong opposition to tradition. Now many educated people in Hong Kong, Taiwan, and overseas directly link the "Communist Party" to "anti-tradition." Some conservative forces that hate and negate the May 4th Movement frequently say that the movement facilitated the emergence of Chinese Communism and led to the destruction of Chinese traditional culture.

Wang: The large-scale campaign against Confucianism and eliminating the landlord class indicated the Communist Party's strong attitude against feudalism. In early pre-liberation days, the Communist Party also conducted a powerful and thorough campaign against wizards, witches, gambling houses, brothels, and all other feudal remnants. But eliminating these remnants does not mean removing feudal ideas from people's minds. Feudal ideas in people's minds cannot be removed by waging fierce attacks or shouting some slogans. We should admit that feudal ideas still remain in some people's minds. Autocratic ideas, "patriarchal mentality," and "personal subordination" can still be found in all fields. Therefore there is still a need to combat feudalism so as to develop the spirit of the May 4th Movement and foster a democratic mentality. But history suggests that fighting against feudalism and tradition does not mean building democracy. Building democracy will take a long period and cannot be completed by just waging movements of criticism and repudiation. A struggle against feudalism and tradition can in no way be the formation of democracy, no matter how fierce and long the struggle will be. Instead, I believe democratic politics can be formed through a long and gradual process rather than a fierce struggle.

Zhao: It has been 40 years since the founding of the PRC, and political structural reform has been on the agenda. But so far the formation of democratic politics has been very slow and has even retrogressed. What do you think is the main cause and lesson?

Wang: The most serious lesson is that we have overlooked the basic preconditions for building democratic politics. I think there are four preconditions: 1) The problem of adequate food and clothing should be solved throughout the country and efforts should be made to enable the standard of living of a certain number of people to reach a medium level. If 800 million out of the 1 billion people do not have adequate food to eat, democracy is only something too extravagant to speak of. China has not solved its problem of adequate food and clothing. According to incomplete statistics, about 20 percent of the peasants do not have adequate food to eat. 2) The people's educational level should be improved. It is useless to talk about democracy in front of illiterate people. The popularization of education at least depends on the implementation of state plans on compulsory education. The educational situation is quite unsatisfactory now. 3) The country is in healthy domestic and international environments, at least there is no war threat in the country or from abroad. 4) Efforts should be made to provide mature conditions for the convergence of and transformation from Chinese tradition into democratic spirit. All these should proceed along with the building of democratic politics. Democracy cannot be formed without these preconditions, nor can the "four modernizations" be carried out without democratization.

Facts, both past and present, have shown that without the settlement of these preconditions, intellectuals' strong demand for democracy and their strong dissatisfaction over the lack of democracy generally find expression in giving vent to indignation and anger. Or otherwise, they will feel sorrow and indulge in empty talk about democracy. In return, without the formation of the democratic and legal system, these preconditions cannot be created.

Zhao: Apart from democracy, there is also the question of science. I think there has always been a nonscientific and even antiscientific tendency in China's cultural tradition. Although 70 years have passed, this tendency still exists in many fields.

Wang: There is something subtle about science. In localities where there is superstition, it is not necessarily that the state has not made any development. In some of these localities large-scale progress has even been made. This does not conform to socioidealism and is something regrettable and sorrowful. Recognizing the existence of these phenomena does not necessarily mean that we can promote the development of the country without science. What I would like to say is that the formation of the

new does not necessarily proceed along with the destruction of the old. We are too deeply influenced by the formula of construction being impossible without destruction and of putting destruction in the first place.

Zhao: In modern society, any development or progress that deviates from scientific spirit will probably lead to abnormality and oneness. This will be a serious internal wound that will one day bitterly torture you.

Wang: Some of our analyses and assertions concerning social phenomena are unscientific. An example is the discussion about "being expelled from global membership." The assertion of "being expelled from global membership" is comprehensible if viewed from the sense of crisis but is unscientific in nature if regarded as a discussion on a practical problem. As a Chinese, he feels most disgraceful at the mention of the country's per capita output value and per capita income. The country's already low output plus the world largest population makes its per capita output value even lower. In terms of per capita output value it is impossible for China to catch up with the Western world in the near future. It will not catch up in 10 to 50 years, nor will it in 80 to 100 years. The idea and assertion about catching up with the Western world in several years are unrealistic. A commitment that cannot be put into effect will only give rise to an abnormal situation in which people are enthusiastic one moment and cool down the next. This will pour cold water on their confidence. However, the fact that the country's per capita output value is far behind that of the Western world does not in the least mean the "expulsion from global membership." What should we do? Of course, we should not wait passively or think that there is nothing we can do about it. We can all the same make contributions to the country's construction, human progress, and world peace. But countries with high per capita output value have not necessarily made great contributions to mankind. Take some oil-producing countries as an example. Their per capita output value ranks in the forefront of the world and has surpassed that of some Western developed nations. But this does not suggest that they have made great contributions to the world. We should understand that apart from the Western world, there is also the Third World, the Soviet Union, and many other socialist countries. They are also encountering all kinds of problems and their per capita output value is far behind that of the Western world. Inflation and unrest in many third world countries are more serious than those in China. For example, a war is going on in the Middle East, Africa is under the threat of famine, and the former Indian Prime Minister was even assassinated. Speaking of "being expelled from global membership," I do not think it is our turn yet. Talking about "being expelled from global membership" in general terms indicates a deviation from normal sensibility. We should establish this confidence: Although our per capita output value is behind that of the Western world, we will and can build China into a more democratic, more civilized, and richer country. There is a favorable condition for China: The Chinese are not poor at doing



business, and this is known to many people in the world. Although our per capita output value is low, we will be able to live a happy life and make greater contributions to mankind as long as we display our wisdom and talents and work hard.

Zhao: Since the May 4th Movement, there have always been two extreme attitudes toward Chinese traditional culture. The conservatives like to praise the profoundness of Chinese traditional culture whereas the radicals like to call it old-fashioned; the conservatives like to recall the golden age of Chinese traditional culture whereas the radicals like to expose its decadent aspects; the conservatives are happy at the mention of Chinese traditional culture whereas the radicals are indignant; and the conservatives feel a repugnance to Western culture whereas the radicals are yearning for it. This is a unique case in Chinese culture. What do think of this situation? What do you think is the proper way to treat Chinese traditional culture?

Wang: The problem is not the difference between the conservatives and the radicals but how much the difference is. As a matter of fact, conservative and radical ideas are affirmative ideas in the course of historical development. The conservatives pay attention to preserving and inheriting the good whereas the radicals pay attention to destroying the bad and accepting the new. This holds good for all countries. But what a pity, the conservatives always brag about the invention of "compasses" and "paper" in China when referring to Chinese traditional culture. Will they convince anyone? But some radicals are absurd. They said the Chinese language is disappearing because of the introduction of Western grammar. Is this not idiotic nonsense?

I think no matter what doctrine you pursue, you must avoid taking a rash, nonscientific, and irresponsible attitude toward culture. Take the combat against feudalism as an example. It is inappropriate to turn this combat into a violent, overwhelming struggle. The drawbacks we are now encountering are closely related to feudalism and not necessarily to feudal culture, because feudal culture contained many essential parts. Young people should inherit these essential parts, but they have not been able to do so. Take as an example the stringed instruments, chess games, paintings, and calligraphy that literary circles liked best in feudal China. Can you say there is completely nothing significant in them? Our skills to play weiqi [0953 2759] [a kind of chess game] are not so good as the Japanese' and our calligraphic skills have also worsened (there has been improvement in recent years). Traditional culture is very complicated and is difficult to handle. There are too many negative factors in traditional culture. I have exposed these in my article "Activities Formed the Human Shape." But it is unrealistic to completely break away from traditional culture. I do not agree with this idea although many of those who proposed it are my good friends. They have been talking about breaking away, but they are breaking away from traditional culture on the one hand and retaining the vicious, barbarous, and indecent part of tradition

on the other. A vivid example is what happened during the "Cultural Revolution." In terms of violence, can you compare anything else with the "cultural revolution"?

Take the Chinese language as an example. I cannot split with it. There are many unique things in the Chinese language, and its rhythmic way of expression merits studying. For example, there are sentences as follows: "One must exercise good state administration before he can stabilize the situation in the country; he must run his family well before he can exercise good state administration; he must acquire good self-cultivation before he can run his family well; he must straighten out his mind before he can engage in self-cultivation; and he must have sincerity before he can straighten out his mind." This is a unique and orderly way of expression in Chinese. If they are translated into English, the translation will not be able to express their unique taste. The order, homologue, and rhythm of the Chinese language form a splendid relationship between the Chinese words but also frequently lead to absurdity.

I just proved that it is unrealistic to thoroughly break away from tradition<sup>1</sup> culture. Viewed from the angle of sociopolitical science and philosophy, in a country with a long history and a large population as China, it is difficult to organize society by completely relying on Western individualist value or to improve the environment of individuals. We cannot say which is bad and which is good in abstract terms. The most important is that no one can accomplish anything if he deviates from China's actual conditions, including traditional conditions.

I have the following idea: Can we no longer engage in the great debate over the difference between conservative and radical ideas and start doing what we like? Over the last hundred years, never has any other country in the world conducted such large-scale debates, criticisms, and discussions as those launched in China! You may not like Beijing operas, but I like to watch them; in factory management, you may learn from Hong Kong whereas I will learn from Japan. There should be a free choice! It would be better to encourage the 1.1 billion Chinese people to think of how to draw up detailed measures for invigorating the country rather than making them participate in a great debate about administering the country. Of course, I do not mean that "great debates" are useless.

Zhao: As I see it, there is a need to improve the intellectuals' quality and study style.

Wang: This is really a big problem. How many young intellectuals in China know foreign languages? How many of them are familiar with classical Chinese? In the future those who do not know a foreign language cannot be counted as intellectuals. At least they cannot be counted as qualified intellectuals. This also holds good for intellectuals who do not know classical Chinese. How much of traditional culture has been criticized? I am not clear about this. But many aspects of cultural tradition are worsening. Beijing was previously a cultural city

where the people were known for their courtesy. Now how much of their courtesy remains? How much do the self-styled literary intelligentsia or those who lead this group of people know about literature?

Reading good academic books in their originals gives you different feelings that cannot be found in the course of reading their translated versions. Some of us frequently talk about Sadi and Albert Camus, but how many of us know about existentialism by reading original writings? How many of us came to understand Marxism through reading original works on Marxism? Those who frequently talk about criticizing traditional culture should think if they have had "primary schooling" or have ever read some classical books or ancient literary theory. To understand both foreign countries and Chinese tradition, it is all the more necessary for China to carry out the opening up policy and maintain its tradition. We should set higher demands for Chinese intellectuals so that they will help facilitate the work of opening up to the world and know more about Chinese tradition.

It is natural that Chinese intellectuals lack a solid study style now because Western culture is strongly impacting on them. As a result, many of them are not willing to give serious consideration to what they should learn. Instead, they are just interested in shouting some slogans. You may urge a "thorough split" but I will insist on "displaying the excellent part of Chinese culture." All these are slogans.

Zhao: Probably the whole nation needs to improve their cultural quality. Apart from changing study style, party and government styles should also be improved...

Wang: Improving education is a matter of primary importance. Our cultural quality is low. Not only workers, peasants, and individual commercial households but officials should also improve their cultural quality. Moreover, writers, artists (including those who have frequently won prizes and traveled abroad), and natural scientists should raise their cultural level. Some professionals who bear a strong foreign flavor sometimes find themselves in a very awkward position in foreign countries! A young Henan writer named Zhang Yu pointed out bluntly: Why should you go to the countryside to observe peasants' behavior? Peasants' soul can be found in cities; it exists in workers, factory directors, officials, professors, and even others who bear a strong foreign flavor. This is not just a problem of a cultural level but involves all aspects in the country, which must be improved. Because our cultural level is low, we frequently encounter all kinds of infantile disorders, such as an infantile disorder in the revolution, an infantile disorder in patriotism, and an infantile disorder in reform...

Zhao: Let us talk about literature, your professional job. As a famous writer of literary criticism and literary theory, how do you appraise the difference between the literary developments during the May 4th Movement and in the new period?

Wang: Literary development during the May 4th Movement was very important, as is literary development in the new period. We may say that without the enlightenment of the people's consciousness resulting from literary development during the May 4th Movement, drastic changes subsequent to the May 4th Movement including the disintegration of feudal ideas and the emergence of an anti-imperialist struggle would have been impossible. A similar situation can be found in the new period. Without ideological emancipation (or a cultural movement, so to speak) between the late 1970's and the early 1980's and without "scar literature," "introspection literature," and "reform literature" (these terms are neither practical nor ideal) (Zhao: That is not important!), reform explorations and developments would have been impossible. In return, without social development it would have been impossible for new-era literature to come into being. I am in favor of understanding and handling the relationship between society and literature in a diversified manner. Literature may not necessarily give a direct description of society. Novels can indirectly reflect society by relating something that does not seem to be in direct connection with society. A tendency worth discussing is this: Some young writers asserted that literature has nothing to do with politics, society, or readers and should return to its own nature and entity. These writers have overlooked the fact that as products of a designated society, their literary works reflect certain social phenomena. Just imagine, was it possible for them to create their literary style without that ideological emancipation in the new period? Was it possible for them to create their literary style during the cultural revolution or a certain period after 1949? No.

Zhao: The problem is not whether but how literature is related to society.

Wang: Instead of the literary style they propagated, what emerged during the national salvation period in 1937 and 1938 was "national defense literature" and "mass literature." During my visits to Australia and New Zealand, I got in touch with some writers and artists there. They like to make contacts with society and to meddle in political and social problems. When I related to them the ideas of the above Chinese writers, they immediately pointed at me with two fingers and said: "France! France!" In China it is a naive idea to draw a circle for literature and then rest content within this circle. But some comments on this idea are good because they can play a balancing role.

There have been too many banners and slogans in the development course of new-era literature. But in the final analysis, no banner, slogan, idea, or proposal can replace genuine literary works.

**GUANGMING RIBAO May 4th Editorial**  
OW1005072989 Beijing GUANGMING RIBAO  
in Chinese 4 May 89 p 1

["Editorial: Hold High the Glorious Banner of Patriotism—Marking the 70th Anniversary of the May 4th Movement"—GUANGMING RIBAO headline]

[Text] It is the 70th anniversary of the May 4th Movement today.



The May 4th Movement was an anti-imperialist and anti-feudal patriotic democratization movement and a great ideological emancipation movement to raise the banners of science and democracy, as well as a new cultural movement to oppose feudal culture. The spiritual wealth that it left to Chinese people is precious and inexhaustible. An important item in the abundant spiritual wealth is patriotism. Patriotism was the most powerful motive force for the May 4th Movement, and it was also what made the May 4th Movement full of vigorous vitality and everlasting charm. When we commemorate the May 4th Movement today, 70 years later, we should continue to carry forward the patriotism of that year and hold high the great and glorious banner of patriotism.

The patriotism of the May 4th Movement period was not an intense emotion, nor was it an empty slogan; it was something substantial and profound. First, the patriotism of the May 4th Movement period contained the spirit of science and democracy. After the Opium War, Chinese people wanted to demonstrate their patriotism by opposing the external aggression of imperialist powers and defending the independence and territorial integrity of the motherland. They also wanted to demonstrate patriotism by opposing reactionary forces at home that were colluding with foreign powers and betraying national interests, and by abolishing feudal and autocratic system that made our country poor and weak. To attain such a patriotic objective requires science and democracy. Only science can integrate intense patriotic emotion with rationality, give patriotism strength, improve the quality of the people, save the motherland from danger, and revitalize our nation. For this reason, one of the loudest and clearest slogans during the May 4th Movement period was "Knowledge Means Strength." Only democracy can abolish feudal autocracy and the feudal system and cause the motherland to regain vitality. Therefore, the patriotism of the May 4th Movement period was essentially consistent with science and democracy. Second, the patriotism of the May 4th Movement period was not a narrow nationalism, nor was it a patriotism designed to close the country to international intercourse. It was a phenomenon that conformed to the trend of progress of the world. During the May 4th Movement period, there was an intense contention between Oriental and Western culture, and the contention led to a blend of the two. It was during that blending that China's progressive intellectuals chose and accepted Marxism. Third, during the May 4th Movement period, young people were a vanguard and fresh force, the awakening of intellectuals was viewed as the first sign of a new era, and young people and particularly intellectuals were closely united with the working class and people of various strata. Under those conditions, patriotism became a powerful force. The integration of Marxism with that force gave birth to the Communist Party of China. Later on, the Communist Party of China led the

people in overthrowing the rule of imperialism, feudalism, and bureaucratic capitalism in China, and founded New China. This is the richest fruit born by the strong and massive tree of May 4th patriotism.

Patriotism is a historical category and it has different contents at different times. The contents of Chinese people's patriotism since the founding of New China call for an all-out effort to promote China's modernization and make the Chinese nation strong among the world's nations. However, in trying to realize this goal, we suffered repeated setbacks for various reasons, both subjective and objective. We did not move steadily toward this goal until the start of reforms and opening to the outside world. For this reason, patriotism today may also be specified as an all-out effort to uphold the four cardinal principles with one heart and one mind; promote China's reforms, opening to the outside world, and modernization; and enable our country and people to embark on the road of prosperity.

Although patriotism today is different from that of the May 4th Movement period in content, the ideals and pursuits of the forerunners of the May 4th Movement and our present ideals and pursuits are related. The patriotism that we advocate and pursue today is an extension and development of the patriotism of the May 4th Movement period. For instance, the reform of the political structure we wish to implement is designed to carry forward the democratic spirit of the May 4th Movement, completely eliminate the remnants of feudal thinking, and accelerate the process of democratization. Such ongoing reforms of our economic structure, educational system, and management system for science and technology display is precisely the same scientific spirit of the May 4th Movement period.

The cultural retrospect taking place during current reforms and opening to the outside world is also a continuation and strengthening of the new cultural movement of the May 4th Movement period, and is also intended to seek the convergence of Oriental and Western culture through comparison of the two to build the new culture of socialist China. Building the new culture is closely integrated with the development of a socialist commodity economy. Therefore, reforms and opening to the outside world have provided us with a very good opportunity to enhance the spirit and the patriotic traditions of the May 4th Movement. The best way to commemorate the May 4th Movement and hold high the brilliant banner of May 4th patriotism is to take active part in reforms, opening to the outside world, and the modernization drive.

The Chinese people have glorious and long patriotic traditions. Those patriotic heroes who contributed to the country and the people are forever recorded in history and forever live in the hearts of Chinese people. Chinese intellectuals such as Qu Yuan, Du Fu, Tan Citong, Li Dazhao, and Lu Xun are deeply concerned about the country's hardships and have a lofty sense of historical



mission. With calm and profound thinking, fiery enthusiasm, and rich knowledge, they do their utmost for the survival and development of the Chinese nation. Their deeds and contributions incontrovertibly prove that Chinese intellectuals are very patriotic and are outstanding members of the Chinese nation. During the May 4th Movement, China's intellectuals took on the dual task of saving the country from extinction and enlightening the people, and, thus, wrote a brilliant page of patriotism in the history of the Chinese nation. History tells us that when a country or nation is in a period of danger or in a period of resurgence, its people will show an unprecedentedly strong patriotism and groups of patriotic heroes will constantly emerge. Currently, Chinese intellectuals with tremendous patriotism are actively plunging themselves into the great undertakings of reform, opening to the outside world, and revitalizing and building China into a powerful, modern socialist country. Through a profound retrospect of the 10 chaotic years, the whole society has understood the role and functions of intellectuals in national construction, and an atmosphere of respecting knowledge and talented people is gradually taking shape. We have every reason to believe that in the course of the resurgence of the Chinese nation, intellectuals can give full play to their abilities, set moral examples, make contributions, and achieve glory by writing. They will live up to the expectations of the forerunners of the May 4th Movement and write a new chapter of patriotism in the history of the Chinese nation.

Patriotism is the spiritual prop, the origin of unity, and the source of strength of the Chinese nation, making it stand on its own feet and constantly improve itself. It is true that there are still all sorts of difficulties in our road ahead. We are being upset by an overheated economy, inflation, unhealthy tendencies, and corruption, and by population, energy source, communications, ecological and other problems. The only way to overcome present difficulties is to improve the economic environment, rectify economic order and strengthen reforms. To attain the goal of improving the economic environment, rectifying economic order, and strengthening reforms, we must carry forward the patriotic spirit and strengthen unity. The achievement of unity relies on the stability of the society. When the society is stable, the people's minds are at rest. When the society is chaotic, the people's morale will be low. When the people's morale is low, they will be unable to work as one. If we do not work as one, our undertakings will not be successful. Only when the people of various strata perform their duties conscientiously and work with one heart and one mind under the great banner of patriotism, can we overcome present difficulties by improving the economic environment, rectifying economic order, and strengthening reforms, and embark on the smooth road of modernization.

### Science & Technology

**Anhui-Based Laboratory Commissions Synchrotron**  
OW2704005089 Beijing XINHUA in English  
1018 GMT 26 Apr 89

[Text] Hefei, April 26 (XINHUA)—A synchrotron that was commissioned in China's first National Synchrotron Radiation Laboratory on Tuesday successfully generated light at 1:08 Beijing summer time today.

Bao Zhongmou, vice president of the Chinese University of Science and Technology based in Hefei, capital of Anhui Province, said the event marks China's success in experiments to develop synchrotrons, which can be used to accelerate subatomic particles.

Synchrotron radiation can create infra-red beams, visible light and vacuum ultraviolet light, as well as strong and stable radiation light. Synchrotron radiation light can be used in such diverse scientific fields as microelectronics, physics, biology, chemistry, astronomy, medicine, and actinometry.

Covering 12,900 square meters, the synchrotron radiation laboratory is composed of a linear accelerator 35 meters long, a 66-meter perimeter storage ring, and a synchrotron radiation experiment zone which can accommodate 50 experimental stations.

Bao said the synchrotron radiation light source in Hefei is linked by waveband with light generated by the synchrotron in the Beijing electron-positron collider.

The construction of the National Synchrotron Radiation Laboratory began in November 1984. More than 30 synchrotrons are operating in foreign countries, including the United States, Federal Germany, France, Britain, Japan, the Soviet Union, and Italy.

**Li Peng Congratulates Laboratory**  
OW0805080889 Beijing XINHUA Domestic  
Service in Chinese 1533 GMT 29 Apr 89

["Local Broadcast News Service"]

[Text] Hefei, 29 Apr (XINHUA)—According to information obtained from the China University of Science and Technology, on 27 and 28 April Li Peng, Hu Qili, Fang Yi, Yan Jici, Li Guixian, Lu Jiaxi, and other comrades separately congratulated the China University of Science and Technology on the completion of China's first specialized synchronous radiation laboratory, which has been emitting radiation.

Premier Li Peng was very happy to learn that the laboratory emitted radiation on 27 April after its completion. He asked Zhou Guangzhao, president of the Chinese Academy of Sciences, to call the China University of Science and Technology to congratulate it on its success and to extend his personal congratulations and regards to the personnel who took part in the research and manufacture of the equipment. Comrade Hu Qili also extended his congratulations by phone on 28 April. He was very happy to see on television that the laboratory emitted radiation after its completion. He extended his heartfelt congratulations to the University of Science and Technology and to the first-grade scientists and technicians and other personnel who took part in the construction of the laboratory. In his telegram on 28 April, Comrade Fang Yi said: I am happy to learn that the special synchronous radiation equipment has been

completed ahead of schedule and that it has succeeded in transferring the flow of electron beams and in emitting synchronous radiation. I respectfully extend my warm congratulations to all the personnel who took part in the research and manufacture of the equipment in the past 10 years and more. The completion of the equipment marks a major achievement in the field of sophisticated science and technology in China. It is the fruit of hard work by you comrades. It shows that Chinese scientists and technicians are highly intelligent and that they are entirely capable of moving China into the front ranks of the world in the field of sophisticated science and technology. I hope you comrades will continue to work hard to achieve still greater results.

**Cold Nuclear Fusion Experiments Continue**  
*HK0905052889 Beijing CHINA DAILY in English*  
9 May 89 p 5

[By Yang Xiaoping]

[Text] As some prestigious American physicists appeal to their colleagues to cool down the fusion fever that has been raging in the scientific world since late March, a group of Chinese scientists from Beijing Normal University are continuing their experiments, aiming to clarify the cold-fusion issue.

In a 15-square-metre laboratory in the university's Institute of Low Energy Nuclear Physics in northwest Beijing, the physicists, together with several chemists, are carrying out their sixth experiment. The first experiment was conducted on April 18, 26 days after Stanley Pons and Martin Fleischmann announced their achievement of nuclear fusion at room temperature in an experiment in Utah, in the United States.

Professor Huang Zuqia, honorary director of the institute and a member of the Chinese Academy of Sciences, said that the Chinese researchers expect to use convincing scientific experiments to prove whether the reported phenomenon was nuclear fusion or not.

Nuclear fusion is the process of fusing two nuclei of light chemical elements to form a heavier nucleus and release energy. It is the reverse of nuclear fission, in which energy is produced by the splitting of heavy atomic nuclei into lighter fragments.

Energy from nuclear fusion was first exploited in a relatively uncontrolled manner in the production of the hydrogen bomb in the early 1950s. Then scientists around the world began to search for ways to produce energy through nuclear fusion in a controlled way, since a fusion reaction could produce a huge amount of energy that would be clean, cheap and virtually inexhaustible.

Later, large devices were constructed with the aim of making nuclear fusion occur in a controlled way, but high temperatures and complex equipment are required. Since the energy is released in a controlled manner and

the reaction takes place at a temperature above 100 million degrees Centigrade, the process is described as a "controlled thermonuclear fusion reaction."

The costliness and complexity of working on such a reaction have led scientists to seek another method.

A break-through was announced on March 23 by two electrochemists, Pons of the University of Utah and his British colleague, Fleischmann of the University of Southampton. Based on five years of research, the two electrochemists claim that they achieved fusion in an electrolytic cell containing "heavy water" rich in the hydrogen isotope deuterium. A platinum anode and a palladium cathode were installed in the water.

Pons and Fleischmann said that fusion occurred when deuterium atoms accumulated around the palladium electrode. And they also said that the fusion reaction produced helium and tritium atoms, neutrons and a release of energy. The presence of neutrons, helium and tritium atoms are believed to signify cold fusion.

Because the fusion reaction took place at room temperature, it became known as "cold fusion."

Afterwards, laboratories from many countries began to attempt to corroborate the experiment, which one scientist called "the most important discovery after fire." Then reports of success came from laboratories in Italy, the Soviet Union, Poland, Hungary, Japan and South Korea.

Among the labs that have experimented with cold fusion experiments in China, the Beijing Normal University's Institute of Low Energy Nuclear Physics, the Nuclear Physics and Chemistry Institute under the China National Nuclear Industrial Corporation and the Institute of Chemistry under the Chinese Academy of Sciences first claimed positive results.

#### Positive Results

Scientists from Beijing Normal University claimed that two of their five completed experiments—the second and the fourth—showed positive results. The other three experiments were either disturbed by an accelerator or failed in terms of reaction time.

The apparatus for the experiment was described as being similar to that used by Pons and Fleischmann. They put a palladium cathode and a platinum anode in 200 cubic millimetres of heavy water.

During their second experiment, the scientists counted the production of 100 excess neutrons and 40 excess tritium atoms. And they achieved a better result during their fourth experiment.

"About 23 hours after the beginning of the experiment, we counted 3,312 neutrons and 54 tritium atoms during an hour and a half," a scientist said.

"Some scientists deemed that heavy water in northern China contains tritium, so we can't conclude that the tritium is produced by fusion," the scientists said.

"But if the fourth experiment can be repeated, it means a fusion reaction took place."

Now working with a theoretical model of a cold fusion reaction, Huang said, "If the cold fusion phenomenon was definitely affirmed by experiments, theoretical explanation would not be impossible.

"But we have to be more cautious with our future experiments. We will put questions to ourselves," continued the professor, who has been engaged in nuclear physics research since he graduated from Qinghua University in 1948.

Liu Boli, a chemistry professor at the same university, said that a convincing experiment in cold fusion reaction should be tested by measuring four things: neutrons, gamma rays, tritium and calorimetry.

"Calorimetry measurement is difficult, but we have to do it if we are to achieve a definitely positive result," Huang said.

Even if the experiment is confirmed, he predicted that "we still have a long way to go before it can be put to practical use."

Yang Liming, a physics professor at Beijing University, said that although their results were uncertain, Pons' and Fleischmann's experiment gave nuclear physicists some ideas.

According to the traditional theory in nuclear physics, Yang explained, when two deuterium atoms are at a distance of 10 to the -8 power centimetre from each other, they repel each other. But when they are apart by 10 to the -12 or the -13 power centimetre, they attract each other and create a fusion reaction.

The usual method of narrowing the distance between deuterium atoms is to increase pressure and temperature.

But cold fusion tries to increase the density inside a lattice of deuterium atoms so as to create a special environment for the deuterium atoms' attraction.

The source of cold fusion—deuterium—is rich in sea, river or lake water. Scientists say that the deuterium extracted from a cubic metre of sea water could generate as much energy as 10 tons of coal.

"If cold fusion were successful, it would be a great contribution to mankind," Huang said.

**China To Set Up Four Space High Tech Groups**  
HK1005110489 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0650 GMT 9 May 89

[Report by Zhu Daqiang (2612 1129 1730): "China To Establish Four Export-Oriented Space High Tech Groups"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 9 May (ZHONGGUO XINWEN SHE)—With the approval of the State Council, China's Ministry of Aeronautics and Astronautics Industry will set up four major export-oriented high tech groups:

—The China Xian Aircraft Group. This enterprise group is composed of the Xian Aircraft Manufacturing Company and aircraft design and research departments, the core of this group, and the aircraft manufacturing base at Hanzhong Prefecture. The group is mainly to develop, produce, and export large and medium-sized aircraft, mini-cars, and various mechanical and electrical products.

—The China Nanfang Motive Power Machine Group. This group is composed of the Nanfang Motive Power Machine Company, the core of the group, five aviation plants in Hunan, three local plants, and two plants in Shenzhen. The group is mainly to develop and export small and medium-sized motors for aviation, motorcycles, and other mechanical and electrical products.

—The China Changfeng Science and Technology Industrial Group. This group is composed of the Second Research Institute of the Ministry of Aeronautics and Astronautics Industry, the core of the group, and some bases and other research institutes under or outside the Ministry of Aeronautics and Astronautics Industry. The group is mainly to develop and export astronautic products, and electronic, optical, mechanical, software, and hardware technologies.

—The China Changzheng Astronautics Group. The core of the group is the First Research Institute of the Ministry of Aeronautics and Astronautics Industry and will cooperate with organizations of other trades. The group is mainly to provide services for launching satellites at home and abroad and to export high tech products.

China's aeronautics and astronautics industry is quite strong and has an industrial system of a considerable scale. Its products are sold at home and abroad. Its technology for launching satellites in particular, ranks among the first in the world. Therefore, it has the potential to compete with other countries.

The setting up of export-oriented groups is based on a written comment made by Zhao Ziyang: "Shift from the production of military products to civilian products and of products for the domestic market to products for



export, tackle difficult problems, and develop cooperation." These groups are to blaze new trails for the production of technology-intensive products for export. At present, the Ministry of Aeronautics and Astronautics is negotiating with the Ministry of Foreign Economic Relations and Trade on matters related to rights in foreign trade these four groups will be entitled to.

**Song Jian Discusses Rural Science, Technology**  
*OW0605013489 Beijing XINHUA Domestic  
Service in Chinese 1136 GMT 29 Apr 89*

["Local Broadcast News Service"; report by CANG-ZHOU RIBAO reporter Jiao Zixiang]

[Text] Beijing, 29 Apr (XINHUA)—How should we proceed to further develop the rural economy? During his recent inspection of Cangzhou Prefecture, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, emphasized that we should seek a new mechanism and establish a new framework with the support of science and technology in the rural areas.

Song Jian said: Science and technology are the basis for us to develop the economy, as well as the first productive force. After meeting the people's basic needs in food and clothing, we should strive to enhance the quality of their lives. It is absolutely impossible for us to attain this goal if we rely on traditional thinking, technology, and work methods only. The key to further development of the rural economy is to raise labor productivity. In order to raise labor productivity, we must not rely on using only physical strength. We should not substitute hard work for science and technology. We can achieve success only when we rely on science and technology and work hard at the same time.

On how to establish a scientific and technological support system, Song Jian said that the system should meet five requirements: 1) It must have a structure supported by science and technology; 2) it must be able to accumulate capital funds; 3) it must be able to attract a large number of qualified personnel, turn the countryside into a "reservoir" of qualified personnel and train a generation of new people; 4) it must have vitality and stable regenerating ability; and 5) its organization must have standard rules and regulations, strict measures, and the capability for steady development.

Song Jian said: Promoting the establishment of a scientific and technological support system is an important step in improving the economic environment, rectifying the economic order, and deepening reform. Only by establishing a new mechanism can we create a good economic order and environment. In the course of improving the economic environment and rectifying the economic order, we should pay full attention to ensuring smooth progress in the reform of the management system for science and technology.

**Strategic Goals for Biological Technology Set**  
*OW0905152889 Beijing XINHUA in English  
0951 GMT 9 May 89*

[Text] Shanghai, May 9 (XINHUA)—Chinese experts have worked out strategic goals for the development of the country's biological technology by the end of this century.

The goals include the development of high-yielding, quality and disease-resistant animal and plant species; the development of new medicines, vaccines and gene therapy; and protein engineering.

The themes were revealed at a national meeting on biological development held here recently.

An official from the State Science and Technology Commission said that problems arising from agriculture and medical science are given priority in a bid to better satisfy people's demand for nutrition and enhance people's health.

More than 70 experts from the State Science and Technology Commission, the Chinese Academy of Sciences, the Ministry of Public Health and some major Chinese universities participated in the meeting.

**New Satellite Method Speeds News Transmission**  
*HK0905052489 Beijing CHINA DAILY in English  
9 May 89 p 3*

[CD (CHINA DAILY) News]

[Text] A "hot-switching" system, a high-tech multi-origin-and-destination transmission method via satellite, was installed in China's Central Television (CCTV) Station on May 1. The new system should make access to China's news faster for people in other parts of Asia.

Same-day visual information can now be relayed to other Asian countries through the facility, one day earlier than before, according to Wang Chunquan, an official with CCTV.

For example, the station transmitted the 22d ADB [Asian Development Bank] meeting in the Great Hall of the People live to other Asian countries.

**Foreign Archaeologists May Join in Excavations**  
*HK0605041089 Beijing CHINA DAILY in English  
6 May 89 p 1*

[By staff reporter Wen Jia]

[Text] Foreign archaeologists may soon be able to join in digs into and protecting of China's rich past if regulations now being drafted are approved by the State Council.

Such co-operation would be of mutual benefit in archaeological and ancient relics research, Zhang Deqin, director of the State Cultural Relics Bureau under the Ministry of Culture, told a recent conference.

Foreigners would be able to apply to co-operate in the excavation of Chinese cultural relics.

Zhang told the conference on cultural relic protection that this would start slowly and steadily.

Joint excavations of ancient treasures would be limited to ordinary items, excluding such sites as imperial mausoleums.

Much of the country's attention will be on the preservation of sites such as the Dunhuang Caves in Gansu Province which contain Buddhist statues, frescoes and manuscripts.

Early experiments in link-ups are most likely to be with archaeological and other relics organizations under the central government.

China's Cultural Relics Protection Law which went into effect in 1982 stipulates that no foreigners or foreign organizations can conduct archaeological investigations in China unless approved by the State Council. But there has been little activity on this basis.

The limited co-operation with international archaeologists is resulted from the fear that China may lose some its precious relics.

Incomplete statistics from the bureau show that more than 100,000 ancient sites have been discovered since 1981, when a nationwide survey of underground treasures as begun. This survey is still going on and is expected to be completed in about two years time.

The government has become very concerned with research into the science and technology of artifacts protection. Because of this, it is very keen to share advanced techniques and theories with other countries.

One problem is that research institutes and government departments are often plagued by fund shortages. Some local museums are even unable to have their artifacts repaired and restored because of lack of funds.

China now has more than 500 key units of cultural relics under State protection and more than 4,000 units at provincial level.

## Economic & Agricultural

### Li Peng Speaks on Economy at Work Conference OW0905153889 Beijing XINHUA in English 1458 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—China can avoid stagflation in its economic development if appropriate approaches are taken in the national drive to improve the economy, Premier Li Peng said today during a working conference.

After listening to a report on the current economic situation, the premier said that in the next two months the general pace of the nation's economic development should be slowed down and the adjustment of the country's production structure continued.

"However," Li went on, "key enterprises and the processing of raw materials that are in short supply should be supported with funds and energy supplies, in order to ensure a proper pace of development."

The central and local governments should continue their efforts to control the expansion of capital construction and the increase of consumption funds. "Various resolute measures should be taken to control prices," he added.

The conference learned that during the first four months of this year the nation's gross industrial output value increased by 11.3 percent compared with the same period of last year.

The general economic situation is promising and state plans for coal and power production, communications, and transportation have been overfulfilled.

Another positive sign is that raw material industrial production is rising again and the downward tendency of the textile industry is being held in check.

A report was also made at the conference on relief work in earthquake and hail afflicted areas of Sichuan Province, and local governments were urged to make maximum efforts to help people rebuild their shattered towns.

### Commentator Urges Improvement in Contract System HK1005095389 Beijing JINGJI RIBAO in Chinese 24 Apr 89 p 1

[Commentator's article: "It Is Necessary To Persist in Carrying Out and Improving the Contract System"]

[Text] Recently, the departments concerned expressed different opinions on the question of whether state revenue will increase or decrease after the contract system is adopted in all enterprises, and they also discussed how to make the calculation. The expression of different opinions through serious discussion is a normal phenomenon. However, some comrades in grass-roots units are perplexed at this, and they doubted whether the

contract system, a reform measure, would be changed. We should say that the orientation of implementing the contract system in enterprises will not change and also cannot be changed. At present, the correct option is to persist in and improve the contract system.

The contract system was adopted in the whole country in 1987. At that time, after the second step of replacing profit delivery with tax payment, a very large part of the profits made by the enterprises was taken by the state, and the enterprises felt that they lacked the capacity for self-accumulation, self-transformation, and self-development. This affected the work enthusiasm of the workers, and enterprises profits declined for 20 consecutive months. In order to change this unfavorable condition, the central authorities decided to adopt the contract system in all enterprises.

The practice in the past 2 years has shown that the contract system is not only suited to our country's conditions and displays its strong vitality, but has also achieved marked results. In general, the economic results of the enterprises have been improved and state revenue has been increased; the reform of the enterprise management systems has also been advanced as their operation has been initially separated from government administration. All this should be fully affirmed.

Of course, because the contract system was adopted very quickly in an all-around way and has not been implemented for a long time, there indeed exist some problems that should be properly solved. For example, the contract quotas for some enterprises were set too low, the profits made by some enterprises included the "price factor," some enterprises only bore responsibility for their profits and did not bear responsibility for their losses, and still other enterprises only hankered for increasing welfare benefits for their workers and tried by every possible means to increase immediate income at the expense of their long-term interests. We should be realistic in viewing and analyzing all these problems.

First, the existence of these problems cannot be completely attributed to the adoption of the contract system. Take the enterprises' shortsighted behavior as an example. This phenomenon already existed before the adoption of the contract system, and it was caused by more complex reasons, including institutional and policy problems, such as the unfavorable external conditions for the business operation of the enterprises. Most obviously, before the adoption of the contract system, the state policy concerning the distribution of the economic benefits in the enterprises was frequently changed. The enterprises did not know whether this year's policy would be changed next year or not, so what they could do was to seek as much immediate benefit as possible by making use of the current policy. On the contrary, as the contract quotas were fixed for a number of years, this allowed the enterprises to plan their business and production for a longer term.

Second, we cannot hope that the contract system will become impeccable once it is adopted. A newborn thing cannot be perfect as soon as it comes into being. We cannot make excessive demands on this system, and cannot take it as a panacea that can settle all problems in our enterprises. Moreover, the implementation of the contract system needs to be coordinated with other reform measures. At present, the reforms of the financial, tax, banking, price, and labor systems have not been fully unfolded yet. It is unrealistic to hope that the contract system will produce marvelous effects in a short time.

It will take time to bring about the desired effects of the contract system, and this system also needs to be continuously improved and developed. At present, in order to improve the contract system, we should mainly rationalize the contract quotas, strengthen the enterprise regulatory mechanisms, further spread the practice of competitive tender invitation, and introduce the system of all-personnel risk guarantee contracts. The existing contracts must be seriously honored, and reforms of the enterprises' internal management should be properly carried out.

We should also be aware that at present, there are many difficulties in our economic life. How shall we overcome these difficulties? An important method is to further improve and develop the contract system and greatly enhance the economic efficiency of the enterprises. Comrade Zhao Ziyang recently pointed out that in the course of improvement and rectification, our efforts should be focused on deepening the enterprise reforms. So, we should firmly carry on the contract system and achieve better results in implementing this system this year.

**Aspects of Economic Decentralization Discussed**  
HK1005083389 Beijing JINGJIXUE ZHOUBAO  
in Chinese 30 Apr 89 p 1

[Article by Lu Lu (7627 7627): "Eliminating Drawbacks in Policies and Structure Brooks No Delay"]

[Text] "In the past few years, numerous nontariff trade barriers have been set up and 'wars for resources' have frequently occurred. Conflicts in trade between localities have been increasingly intensified. All this has cast a shadow on the work to establish a 'financial contract system at various levels' and a 'control system at two levels' and on measures to reform foreign trade, such as the establishment of a 'contract system on the basis of each locality'." Chen Dongsheng, researcher of the Industry and Economy Institute of the Chinese Academy of Social Sciences, told the reporter that the abnormal phenomena mentioned above are a concentrated manifestation of conflicts of interest between localities in various economic policy decisions and behaviors of local governments. The crux of these problems lies in problems of policies and structure.



He held that the main causes of intensified conflicts of interests between localities are: 1) While government administration and enterprise management have not been completely separated, excessive administrative power has been given to local governments. This has given rise to "independent local administrative regimes." This kind of decentralization has greatly stimulated local governments' motives to increase financial revenue and impulses to expand investment. Since the functions of government administration and enterprise management have not been fundamentally separated, various government departments will, after they are given decision-making power, inevitably resort to various means to interfere in economic activities, such as the development of highly profitable processing industry, administrative interference in the microscopic management of enterprises, and prevention of outflow of resources. 2) Distortion in interlocality interests has given rise to an unfair competition environment. This is manifested in: The double profit transfer mechanism which has resulted in the transfer of a large quantity of value from the western to the eastern region because of irrational prices in the course of exporting energy and primary products from the west to the east. Finished products at high prices from the eastern region again bring some of the value created by the western region to the eastern region. This kind of "intangible" regional economic benefits have often become the basis for the central authorities to formulate policies and the main standard for the central authorities to assess the achievements of local governments. This has caused local governments to adopt corresponding countermeasures. The double-track price system has made a wide gap between prices set by various state departments and market prices. As a result, profits obtained by different localities vary. Localities which produce raw materials get very small profits, and localities which do the processing get good profits. Localities where preferential policies are implemented get extra interests because of the transfer policy. This has given rise to the cause-result effect in regional accumulation and regional development superiority. Environmental investment of central authorities in various localities is free and independent of cost. Respective local governments are exclusively benefited from such investment. This has caused distortion of regional interests to a certain extent. 3) Irregular behavior of the central government and subjectiveness and randomness of economic policies have induced various localities to strive to obtain more investment, haggle over policies, and compete with other localities.

To fundamentally coordinate interlocality economic relations, to establish a new type of regional economic order, and to overcome various drawbacks caused by policies and structure, Chen Dongsheng suggested the selection of ways which can effect a permanent cure to carry out readjustment, proceeding from deepening structural reform and cultivating the market:

—Clearly define the obligations and limits of authority of the government to bring about standard and rational behavior. The new operational mechanism should

be "the government safeguarding the market and the market guiding enterprises." The role of the government is to safeguard market order and remedy market defects.

—Strengthen decentralization in terms of market and weaken decentralization in terms of administration.

—Abandon some special policies implemented in a few localities and change preferential treatment in terms of difference in localities to preferential treatment in terms of difference in departments.

—Compensation should be paid for the use of the central authorities' environmental investment in various localities.

—Formulate as soon as possible the "Competition Law," "Law Against Monopoly," and "Law Governing the Implementation of Industrial Policy."

**Material Supply Situation Viewed as 'Grim'**  
*HK1005105989 Beijing RENMIN RIBAO in Chinese*  
8 May 89 p 1

[Report by staff reporter Wang Jinghu (3769 6930 7711) and XINHUA reporter Xu Kehong (1776 0344 3163): "The Situation in China's Material Supply Is Grim"]

[Text] Jinan, 7 May—According to news from a national meeting on material supply held in Shandong, there was a "downward slide" in the production of energy and raw materials during the first 4 months of this year. The storage of important materials dropped and social demand remained high. This has widened the gap between supply and demand, and worsened the situation in material supply.

Statistics indicate that coal has seriously fallen short of supply due to a decrease in coal production in major coal-producing areas. Coal prices have increased by 100 percent and this has become an important factor hampering national economic development. The fulfillment rate of contracts signed with the state for the production of pig iron, steel, copper, and soda ash have dropped by a wide margin. Thus materials for major production and construction projects have fallen short of supply.

In addition, the prices of important production materials keep rising due to a continuous increase in social demand. According to the original plan, the retrenchment of capital construction was aimed at stabilizing the prices of capital construction materials, but because capital construction could not be retrenched, these prices began to rise again in March after remaining stable for a short period in January and February.

After analyzing the above situation some experts pointed out that the fulfillment rate of contracts signed with the state for the production of materials in short supply dropped. Apart from objective factors including the

shortage of energy and transportation facilities, a lack of strong sense in some enterprises and localities to give priority to the fulfillment of mandatory plans also constituted an important factor causing the decrease. Therefore, the Ministry of Materials urged material supply departments in all localities to resolutely implement mandatory plans for material distribution, and forbade them to sell budgetary materials as nonbudgetary ones. Necessary exchanges of budgetary and nonbudgetary materials must be carried out strictly according to the relevant regulations.

At a time when there is no immediate, fundamental solution to the shortage of production materials, the Ministry of Materials has issued instructions to all its subordinate organizations in localities to concentrate their limited materials on the construction of key projects according to the state's industrial policy. While providing budgetary materials for major users, nonbudgetary materials managed by material supply departments will also be sold in such a manner that the needs of key construction projects are ensured.

Learning from the experiences of the Chengdu and Wuhan material supply bureaus, other local material supply departments will do their best to directly provide materials for major users. This will reduce intermediate links in sales and prevent the prices of production materials from rising swiftly.

**Nationwide Coal, Power 'Crisis' Examined**  
*HK0905151889 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0947 GMT 8 May 89*

[Roundup by reporter Wei Lin (7279 2651): "Coal Crisis: From Shanxi to the Whole Country"]

[Text] Taiyuan, 8 May (ZHONGGUO XINWEN SHE)—In Shanxi's rural areas, people are digging up oil lamps and candles that they had stored away long ago. Blackouts are now a way of life. In peasant households, electric lamps and television sets work only during the spring festival and when the irrigation seasons are over. When evening falls, whole villages are lost in pitch darkness.

Even China's No 1 coal producing base, Shanxi, is suffering from coal and power shortages. Based on the national plan, Shanxi has to transfer its coal and power to north and east China, while the province itself has to suffer from coal and power shortages.

The State Council has shown special concern for Shanxi since the beginning of this year. A routine meeting decided on price increases for coal in addition to more production materials being provided for the province to ease its grave difficulty in coal production.

Shanxi is suffering from spreading malpractices, as is the country nationwide. Orders from above are not easily carried out to the word; it can be very difficult to get

things done. Even if something is a very pressing mandate or policy issued by the supreme organ, it can be very difficult to carry it out promptly for various reasons. Such malpractices as shifting responsibility, and arguing back and forth between departments are universal.

Nevertheless, all areas are longing to get more coal from coal-producing areas. Under extremely difficult conditions, Shanxi's coal output still managed to climb up this year. Gross output was 28.75 billion tons, up by 7.8 percent over the same period last year, but such reckless exploitation under tremendous pressure can only be damaging to the maintenance and the life span of coalmines. Beyond doubt, it is helplessly short-term behavior.

Shanxi Governor Wang Shenghao has recently pointed out some major problems in the province's coal production: 1) Changes in resource conditions. Upper coal beds are becoming fewer in number, and their coal resources are being used up; there is a need to develop either coal fields in remote areas or deeper coal beds. This requires the expansion of coal pits and increase in input; an increase in materials prices has lead to an investment increase of 340 percent. 2) Outflow of the mining workforce. There are now more jobs available with the development of the commodity economy. Moreover, grain prices have gone up, and grain is hard to get. As a result, a large number of the surplus rural workers who pitched in with the coal mining a few years ago are leaving the mining industry. 3) Greater production costs. Costs of raw materials, road transportation, and railway loading and unloading have doubled. 4) Cutbacks in investments and loans.

Regarding the whole country, lack of foresight has resulted in the absence of any new coal pits in the 3 years between 1986 and 1988. Although there was an additional production capacity of some 30 million tons in 1988, and there is an additional capacity of some 20 million tons this year, and perhaps another 10 million tons in 1990, there will not be any new coal pits put into production in 1991. The real "difficult days" are yet to come.

State Planning Commission Deputy Director Ye Qing said that guaranteeing coal production will be the theme in the wake of "improvement and rectification" in 1989.

How are we to put that "theme" into practice? Not long ago, Minister of Energy Resources Huang Yicheng put forth his concept on increasing input for the construction of the coal industry: 1) Foreign loans; 2) Collecting coal industry construction funds; and 3) Founding joint ventures with funds collected from various localities to run mines. The Shanxi provincial government has also proposed several measures on implementing exclusive coal marketing by the province. However, decisions on these measures have not been finalized to date, and their implementation is still a long way off. The question is when we are to see an upturn of the construction and production of the coal industry, which is now trapped in the valley of perplexity?

### **Railway Spending Increase Planned**

HK0805114789 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 8 May 89 p 3

[By staff reporter Wu Yunhe]

[Text] To help transport coal from the mines in the Northwest, China will increase spending on the construction of railways and open more double-tracks, electrified rails and new lines this year, according to the Railways Ministry.

The ministry is expected to invest 7.2 billion yuan in this development programme, a senior official told BUSINESS WEEKLY.

Gu Peishang, an official in charge of this development, said that the measure is aimed at easing the severe nationwide coal shortage, which is hurting many electrical power plants and slowing down production in many factories and other businesses.

Seven special coal-moving lines—Datong-Baotou, Datong-Qinhuangdao, Houma-Yueshan, Jiaozuo-Zhicheng, Hengshui-Shangqiu, Xian-Ankang and Xuancheng-Hangzhou—are expected to be built this year.

The construction of two major coal-transport railways, the Beitongpu (Taiyuan-Datong) electrified rail and the Nantongpu (Yuci-Fenglingdu) double-track line, was finished recently and the lines are expected to become operational this May, he added.

Coal consumption in China is concentrated in the area east of the north-south Beijing-Guangzhou railway line, where 60 percent of the country's population lives. Yet about 80 percent of China's coal is mined north of the Qinling and Dabieshan mountains.

Proven reserves in Shanxi, Shaanxi and Henan Provinces and the Ningxia Hui and Inner Mongolia autonomous regions account for 70 percent of the total, making these areas the biggest coal bases in China.

Last year the country's total output of coal reached 970 million tons and the figure is expected to hit 1 billion tons this year, the Beijing-based newspaper ECONOMIC INFORMATION reported.

However, the abundant energy resources have not yet been fully used because of a lack of transport, he said.

At a recent work conference sponsored by the State Council, Premier Li Peng urged that the departments concerned must ensure coal supplies to the country's four major electricity grids in eastern, northern, north-eastern and central China this year.

In fact, none of the four major power grids received its full allocation of coal last year. But the eastern China power grid suffered the worst cuts, receiving only 86 percent of its planned coal supplies.

Energy shortages in China have reached a critical level in recent months. The number of factories reduced to operating just five or even three days a week grew rapidly in the second half of last year. About a third of the country's industrial capacity is now affected by power shortages. In many cities, residents are limited to just 12 hours a day of electricity.

Last year electric power consumption in the eastern province of Jiangsu, China's leading industrial producer, fell more than 30 percent below planned targets, close to 1982 levels, because nearly 40 percent of the province's power plants shut down for lack of coal. Up to a third of industrial enterprises in parts of southern Jiangsu have been shut down because of power shortages, PEOPLE'S DAILY reported.

However, Gu Peishang said that the government did make great efforts to improve the country's poor transportation networks over the past few years.

Because of a shortage of funds, China has also used foreign capital to complete its construction of railways and opening new lines.

By now, China has signed loan agreements of \$60.5 billion with the World Bank and 289 billion yen (about \$2.15 billion) with the Japanese Government for the railway development programme.

About \$244.8 million from the World Bank and 220.5 billion yen (about \$1.64 billion) in Japanese Government loans have been used so far in this sector, Gu added.

### **Tax Evasion 'Serious Problem' for Economy**

OW1005120389 Beijing XINHUA in English  
1003 GMT 10 May 89

[Text] Beijing, May 10 (XINHUA)—Tax evasion has become a serious problem in China's economic construction.

A national survey of taxation, finance and prices conducted from January 1988 to January this year found that 12.31 billion yuan (about 3.32 billion U.S. dollars) worth of taxes had been evaded, 29.5 percent more than the figure for 1987, the latest issue of "CHINA COMMERCE NEWS" reports.

The survey also showed that at least 50 percent of the state and collectively run enterprises have been involved in tax evasion.



A survey of 33 enterprises in Nanchong, in southwestern China's Sichuan Province, revealed that they had evaded 4.103 million yuan-worth of taxes.

According to the survey, most taxes were evaded by state-run enterprises and various labor service companies. And taxes on products, increased output value, business and income were the major items of evasion.

**Regulations on Special State Bonds Published**  
*HK0905134389 Beijing RENMIN RIBAO in Chinese*  
6 May 89 p 2

[XINHUA report: "Regulations Governing Special State Bonds To Be Issued by the PRC for the Year 1989"]

[Text] Dispatch from Beijing, 5 May (XINHUA)—Article 1: In order to assemble all types of financial resources, support national construction, and promote coordinated economic development, the People's Republic of China has decided to issue special state bonds for 1989.

Article 2: The special state bonds are to be issued to enterprises operating under the system of ownership by the whole people, enterprises operating under the system of collective ownership, private enterprises, financial institutions, departments in charge of enterprises, undertakings, and social groups, all of which should have relatively good economic conditions. In addition, the special state bonds are also to be issued to institutions responsible for the management of the retirement pensions and old-age pensions paid to the staff and workers of the enterprises operating under the system of ownership by the whole people, institutions responsible for the management of the unemployment security fund, and institutions under the Ministry of Communications responsible for the management of additional charges levied on the purchase of vehicles.

Article 3: A total of five billion yuan of the special state bonds are to be issued.

Article 4: The principal of the special state bonds is to be repaid in a lump sum in 5 years dating from the day of its purchase.

The special state bonds to be issued are attached with a 15-percent annual interest rate effective upon the day of its purchase. Both the principal and the interest of the special state bonds are to be repaid in a lump sum after a period of 5 years dating from the purchase day of the special state bonds. No compound interest is to be paid.

Article 5: The Ministry of Finance is responsible for distributing the special state bond purchasing quotas to various units of the central authorities; various PLA [People's Liberation Army] units; and various provinces, autonomous regions, municipalities, and cities listed separately in the state plan.

The people's governments of various provinces, autonomous regions, municipalities, and cities listed separately in the state plan are responsible for distributing the special state bond purchasing quotas to local units at all levels.

All units concerned must fulfill their special state bond purchasing quotas on schedule.

Article 6: The issuance of the special state bonds is to begin on 1 June and is to be completed on 30 September.

Article 7: The special state bonds are to be issued in the form of a payment receipt in a unified way. The local financial departments at all levels are to be responsible for handling the issuance and repayment of both the principal and the interest of the special state bonds.

The payment receipts of the special state bonds can be signed. The loss of the payment receipts of the special state bonds can be reported. However, the payment receipts of the special state bonds cannot circulate as currency.

Article 8: Apart from being issued to institutions responsible for the management of the retirement pensions and old-age pensions paid to the staff and workers of the enterprises operating under the system of ownership by the whole people, institutions responsible for the management of unemployment security fund, and institutions under the Ministry of Finance responsible for the management of additional charges levied on the purchase of vehicles, the special state bonds can also be mortgaged to various banks for bank loans.

Article 9: The interpretation of this regulation is the responsibility of the Ministry of Finance, which is also responsible for formulating measures aimed at enforcing this regulation.

Article 10: This regulation shall go into effect upon its publication.

**Enterprise Secretaries Discuss Work Experience**  
*HK1005101489 Beijing RENMIN RIBAO in Chinese*  
7 May 89 p 2

[Report by Yin Pingdun (1438 0756 4551): "Party Committee Secretaries From Over 100 Enterprises Gather in Dalian To Discuss Work of Party Committees"]

[Text] "In the new period, enterprise party organizations are encountering many difficulties and worries, but we must take the overall situation into account, boost our morale, do a good job in all aspects of party work, and wholeheartedly fulfill all the duties of the party." These were the common aspirations and determination expressed by party committee secretaries attending a seminar on the "work of enterprise party committees."

This seminar, held in Dalian at the end of April, was initiated by DANGJIAN WENHUI [PARTY-BUILDING GAZETTE] and jointly sponsored by the political and legal as well as economic departments of RENMIN RIBAO, BAN YUE TAN, ZHONGGUO ZHENGZHI TIZHI GAIGE [CHINA'S POLITICAL STRUCTURAL REFORM], LILUN DONGTAI [TREND OF THEORETICAL CIRCLES], and DANGXIAO LUNTAN [PARTY SCHOOL TRIBUNE] of the Central Party School and LILUN XINXI BAO [Information on Theory].

At the seminar party committee secretaries from over 100 large and medium-sized enterprises in Beijing, Tianjin, Shanghai, and Liaoning freely talked about their experiences in separating party leadership from enterprise management and implementing the "Enterprise Law" since the 3d Plenary Session of the 13th CPC Central Committee.

**Industrial Output Value for April Increases**  
*HK0905043689 Beijing CHINA DAILY in English*  
9 May 89 p 2

[By staff reporter Zhou Hongqi]

[Text] China's industries enjoyed a steady performance increase in April, with an average rate of 13.7 percent rise in output value over the same period the previous year.

The production of energy and basic materials industries, including steel and non-ferrous metals, was improving but still suffered lower growth rates than the industrial average.

According to the State Statistical Bureau, China achieved a total industrial output value of 113.6 billion yuan (more than \$30.5 billion) last month.

The output value per day was 3.785 billion yuan in April, 6.3 percent more than in March.

Light industry's output value was 57.9 billion yuan in April, an increase of 14.4 percent over the same period last year, and heavy industry gained an output value of 55.7 billion yuan, an increase of 12.9 percent.

The country produced energy equal to 82.82 million tons of standard coal in April, a rise of 7.5 percent. Raw coal production increased by 9 percent and electricity, by 7.3 percent.

The speed-up in the energy industry provided good conditions for the further development of the industry, particularly in the fields of steel, iron alloys, non-ferrous metals, chemical raw materials and chemical fertilizer production.

But the growth rates in these fields were still lower than the average level of the country's industries.

The production of traditional textile products started rising in April after suffering a downturn at the beginning of this year.

The output of sugar, salt, beer, canned food and detergent increased at rates between 13.6 and 43.4 percent.

The production of expensive household commodities still increased very rapidly. For example, colour TV sets increased by 43.2 percent and home refrigerators by 42.2 percent in April.

Compared with the first three months, the overheated growth rate dropped a little and tended to stabilize.

But the industrial growth rates exceeded 15 percent in Zhejiang, Fujian, Shandong, Guangdong, Hainan and Shaanxi provinces and the Ningxia Hui Autonomous Region.

Township-owned industries increased at a much higher rate than State-owned and collective-owned industries in April.

In that month, the growth rates were 25.3 percent for the township-owned industries, 19.7 percent for the collective-owned industries and 8.6 percent for the State-owned industries.

For the first four months, the country's industrial output value totaled 406 billion yuan (more than \$109 billion), 11.3 percent more than for the same period in the last year.

Light industry increased by 12 percent in the first four months, and heavy industry by 10.7 percent.

The growth rates in the first four months were 6.1 percent for State-owned industries, 18.5 percent for collective-owned industries and 27 percent for township-owned industries.

The main reason for the soaring increase in township-owned industries was that the State austerity policy did not greatly affect those enterprises, which are very flexible in their ability to collect funds and obtain materials and equipment.

Meanwhile, 40 billion yuan in fixed assets were invested in township-owned industries last year, and most of the newly-developed projects started operation during the past four months.

**He Kang Discusses Agricultural Progress, Measures**  
*OW0805201089 Beijing BEIJING REVIEW in English*  
No 18, 1-7 May 89 pp 16-20

[Text] Editor's note: China's agriculture has made little headway for the last four years. What is holding it back? What measures will the government take? What is the

situation this year? With these questions in mind, our staff reporter Liu Jianjun recently had an exclusive interview with He Kang, Minister of Agriculture.

**Question:** After a decade of reforms, what achievements and progress have been made in China's agriculture?

**Answer:** The period from 1979 to 1988 was the best period of economic development in China's rural areas. Along with the in-depth and healthy progress of the rural reform, agriculture, which is regarded as the foundation of the national economy, has achieved successes acknowledged by all. These include:

**Stable growth of the rural economy.** In 1988, total agricultural output value reached 561.8 billion yuan; calculated in terms of comparable prices, it increased at an average rate of 6.2 percent a year. Aggregate rural social output value amounted to 1,207.8 billion yuan; calculated in terms of comparable prices, it increased at an average rate of 14 percent a year. Non-agricultural output value in the rural areas stood at 600 billion yuan, or 3.5 percentage points higher than total agricultural output value; and in 1988, the per-capita annual net income of farmers came to 545 yuan.

**Growth in output of agricultural products.** Grain output soared from 305 million tons in 1978 to 407 million tons in 1984. Although fairly big natural calamities occurred in 1988, grain output still reached 394 million tons. Output of cotton reached 4.2 million tons, that of oil bearing crops 13.2 million tons, sugar 4.55 million tons, meat 21.88 million tons and aquatic products 10.46 million tons. The sales volume of agricultural products doubled and redoubled and the commodity rate of agricultural products came to 60 percent. The problem of clothing and feeding one billion people has been solved in the main.

**Changes in agricultural structure.** The rapid growth of forestry, livestock, sideline occupations and fishery together with the secondary and tertiary industries in the rural areas has promoted the switch from a natural and seminatural economy to a commodity economy.

**Emergence of township enterprises.** In 1988, the number of China's township enterprises totalled 1.58 million, with a total output value of 600 billion yuan. As township enterprises emerged, they not only absorbed surplus rural labour power, but also became the main prop of the rural economy and an important component part of the national economy.

**Headway made in agricultural science and education.** A number of advanced and practical technologies have been used in production and marked economic returns have been obtained.

The decade-long rural reform has offered valuable experience for China's economic reform as a whole and effectively supported the development of the national economy.

**Q:** Some foreigners say that since 1985 China's agriculture has been in a "crisis," and that grain production in particular has stagnated for four years in succession. What are the main problems?

**A:** After the Third Plenary Session of the 11th Party Central Committee held in 1978, the implementation of a series of principles and policies has fired farmers' enthusiasm for production. Thanks to the tapping of the potential accumulated in agriculture in the past 30-odd years and favourable natural conditions, China's 1984 grain output reached over 400 million tons, an all-time high. Because of the ineffectiveness of storage, transport and conversion at that time, the situation in which "farmers have difficulty selling their grain" occurred. This was a new problem arising during transition from a natural economy to a commodity economy, and from traditional agriculture to modern. Since 1984, fluctuations have occurred in China's agricultural production and grain output never reached that 1984 level. The situation in agricultural production is grim, but it cannot be called "a crisis." The difficulties we have encountered involve how to further develop agriculture and push it to a new height. Problems which should be urgently solved include:

First, the price of grain is too low and farmers' enthusiasm for grain production is sagging. There is a wide gap between the price of grain purchases by contract order and marketable grain; the price of grain is lower than that of cash crops; and the price scissors between industrial and agricultural products has been widening in recent years. Meanwhile, the enormous rise in the price of agricultural means of production, the high cost of growing grain and low efficiency are also reasons for the farmers' sagging enthusiasm for grain production. The state has decided that starting in April this year, the price of grain and oil purchased by contract order and the purchasing price of cotton would be raised, and at the same time, the ratio between the grain sold under contract to the state and chemical fertilizers supplied at state-set prices would be increased.

Second, insufficient input of funds. In recent years, the state budgeted investment in capital construction of agriculture, agricultural operation expenses, agricultural loans and investment in agriculture by local authorities have been dropping year by year. Farmers' input in grain production is also dwindling. This descending trend has started to be reversed this year. The state has opened up new fund channels to support agriculture. Agricultural loans, budgeted investment in agricultural capital construction and local government investment in agriculture have increased.



Q: Under the circumstances in which population is rapidly growing and the cultivated area is decreasing, agriculture can only take the road of raising yields per unit area. Could you please tell me if this road is feasible? What is the crux of the matter?

A: The population growth and the reduction of the cultivated area have indeed exerted a great impact on agriculture. In 1988, 15 million babies were born and by April this year, China's population surpassed 1.1 billion. The government has attached great importance to this. Between 1978 and 1987, the area under cultivation dropped by 3.5 million hectares, equivalent to the cultivated area of Hubei Province. In recent years, the tendency to occupy cultivated land has taken a turn for the better, but the situation in which individuals take over arable land still exists.

The development of the national economy requires further progress in agriculture, and as living standards of the people improve, their demand for agricultural products increases. Apart from taking effective measures to control population growth and prevent reduction of the cultivated area, the state should revamp the existing cultivated area, raise the yield per unit area and develop and utilize agricultural resources. This is entirely possible as there is a great potential for the development of agriculture. Reasons are as follows:

1. Two-thirds of China's cultivated area consist of medium and low-yielding land. Experience has proved that so long as the land is developed by combining engineering with biological measures, each hectare can produce an additional 750 to 1,125 kilogrammes of grain on the average.

2. Over 20 million hectares of winter paddy field in south China have not been fully utilized and the growing of winter wheat, rape, broad beans and vegetables can greatly improve the output and output value of the yield per unit area.

3. Over 13.3 million hectares of wasteland and 13 million hectares of shoals and beaches can be exploited; they have great potentialities to be brought into full play.

In 1988, the state started to develop the Sanjiang Plain, the Songliao Plain, the Huanghe, Huai and Haihe River Plains as well as develop sugar and cotton centres in the Guangxi Zhuang Autonomous Region, Yunnan and the Xinjiang Uygur Autonomous Region, and initial achievements have been scored. The exploitation of agriculture will be continued in the southern parts of Hunan and Jiangxi and on the Jiangnan Plain.

Q: For the past decade, we have stressed policies and science in developing agricultural production. The national rural work conference held last year explicitly put forward the demand for input, and it has been regarded as an important factor in working out the plan for the development of the national economy. To ensure

the increase of agricultural input, we are ready to set up a new mechanism through various channels and gradually ensure a stable and reliable source of funds.

The rural collectives and farmers are the mainstay of agricultural input. The state will, through such economic means as price, finance, and credit, work out effective policies to attract more funds from the collectives and farmers for agriculture. The state and local governments will gradually increase their input into agriculture in the future. Beginning from this year, while curtailing the scale of overall capital construction, investment in agriculture should not be reduced, but, on the contrary, should be strengthened. The government has decided to gradually establish agricultural development funds by tapping multifarious channels. Newly opened fund channels include:

Starting from this year, the tax collection proportion of funds for energy and communications projects of the state will be raised and 1 percent of the funds shall be used for agricultural development;

The newly-added part of taxes from township enterprises (including product tax, business tax, value added tax and industrial and commercial income tax) will be used for agriculture, particularly for grain production;

All the taxes for occupation of cultivated land shall be used for agricultural development. Beginning from 1989, the central authorities will see to it that at least 1 billion yuan will be allocated for agricultural development each year;

Most of the agricultural, forestry and special product tax shall be used for agricultural input;

The added part of the tax from privately operated industrial and commercial concerns and private enterprises in the rural areas shall be mainly used for agricultural input;

More foreign capital shall be utilized and top priority will be given to agriculture and industrial projects geared to agriculture.

It is estimated that after these measures are implemented, agricultural development funds amounting to 3 billion yuan will be raised. At the same time, banks will grant 17.2 billion yuan more loans, and budgeted investment in capital construction will go up by 200 million yuan.

To effectively bring the shrinking of cultivated areas under control and guarantee land resources, the following measures have been taken by the government:

—A State Land Administration has been set up. It will be responsible for formulating land management policies and state regulations, and for supervising and implementing them; for working out a nationwide land utilization plan to ensure the rational use of cultivated land, and to prevent indiscriminate occupation, use and ploughing of the land;

—A Land Law has been promulgated so as to legally guarantee the rational use of land resources and control the reduction of the cultivated area;

—Control reduction of the cultivated area and improve the quality of areas under cultivation by using economic levers. The state has decided to collect taxes for the occupation of cultivated area since 1987. Strict examination and approval shall be conducted of those who want to occupy cultivated land and taxes for occupation of the land shall be collected. The tax payment for the occupation of land shall be used for the exploitation of new cultivated area and for the revamping of the existing cultivated land.

Through the adoption of the above-mentioned measures in the past two years, the situation of indiscriminate occupation and use of cultivated land has eased to some extent. The reduction of cultivated land has dropped from 400,000 to 200,000 hectares annually.

Q: Some foreigners say that China's household contract responsibility system has come to an end. Will a co-operative system of large-scale operation develop?

A: The system of contracted household responsibility related to output is in accord with the development of the agricultural productive forces in most parts of the country and has immense vitality. We shall stabilize and further perfect it. It will be the main goal in rural reform for a fairly long period of time in the years to come in China.

The implementation of appropriate large-scale operation helps improve the land and labour productivity and can basically solve the problem of comparatively low economic returns for growing grain. As to the vast rural areas in China, it is not feasible to carry out large-scale operations. The proper large-scale operation can be gradually carried out in the economically developed coastal areas, on the outskirts of large cities and in the surrounding areas of industrial and mining districts where surplus manpower can be full employed and a considerable amount of funds can be used from industry to finance agriculture. In addition, it is necessary to respect the wishes of the farmers and no compulsory or administrative orders should be given. Currently, proper large-scale operation has been implemented in breeding and cultivation work. Its successful experience and the excellent foundation it has laid is now being popularized in many localities. We promote and support it.

Q: Could you please make a forecast of agricultural output for 1989?

A: It is hard to make a forecast of this year's agricultural output. But the present situation is good for agricultural development. People from various circles have attached importance to agriculture and various localities have effectively strengthened their leadership over agriculture and increased input. Farmers' enthusiasm for growing grain is picking up and the area under grain cultivation has increased as compared with last year. Summer grain is doing well. If no big natural calamities strike, there is great hope for fulfilling this year's agricultural production plan.

**Agricultural Education, Technical Training Viewed**  
*HK1005082089 Beijing RENMIN RIBAO in Chinese*  
7 May 89 p 2

[Dispatch by reporter Jiang Jianke (5592 1696 4430): "China Has Set Up an Agricultural Education System; More Than 100 Million Peasants Have Received Technical Training"]

[Text] Beijing 6 May (RENMIN RIBAO)—In the past 10 years, China has progressively set up an education system for agricultural cadres at various levels and a technical education system for peasants.

According to information provided by the National Work Conference on Agricultural Education for Adults which has opened today, more than 20,000 party and government leading cadres in charge of agricultural work at county and department levels and leading cadres for the agricultural system have been trained across the country. Various provinces, regions, and municipalities have trained more than 1 million leading managerial cadres at town and village (section and county bureau) levels. In addition, 140 million peasants, rural grass-roots cadres, and workers of town and village enterprises have received different kinds of technical training. More than half of the villages across the country have set up facilities for giving the peasants technical education. Radio and television education has also been extended to thousands upon thousands of rural households.

However, Agriculture Minister He Kang pointed out that agricultural education for adults has developed quite unevenly in China. He said that in implementing the modernization program, man should first be modernized. If the quality of peasants is poor, it will be impossible to modernize agriculture. At present, grain output has remained at the same level for 4 years running and the strength for further agricultural development is insufficient. To solve this problem, in addition to the formulation of policies by the central authorities to increase necessary input, it is imperative to improve the quality of agricultural cadres, agrotechnicians, peasants, and staff workers as quickly as possible and to invigorate agriculture by means of science and technology.

**North, Northeast Face Severe Drought**  
*HK1005040289 Beijing CHINA DAILY in English*  
10 May 89 p 3

[By staff reporter Wang Dongtai]

[Text] China's northern and northeastern provinces face a severe drought, according to Central Meteorology Station. Jilin and Shandong Provinces have even resorted to artificial methods to increase rain.

In the first half of April, there was little rain in the North and Northeast. In some places, no precipitation at all was recorded, said an official with the meteorology station.

Because of the drought, in some areas spring sowing could not take place and winter wheat died.

By the latter half of April, there was slight rain in all the drought-affected provinces, but not enough.

In early May, drought was severe again in Shandong, Liaoning, Shanxi, Jilin, Heilongjiang, northern Henan and northeastern Hebei provinces and the Inner Mongolia Autonomous Region, the official said.

Of those areas, Liaoning suffers worst, the overseas edition of the PEOPLE'S DAILY reported on Monday.

The province has 231 million hectares, or 60 percent of its total farmland, affected by the drought.

The paper quoted Governor Li Changchun as saying that a drop in grain harvest is hard to avoid.

Meanwhile, an official with the State Meteorology Bureau said that several provinces are adopting artificial methods to stimulate rain.

Liu Changyou, an official with the bureau's science and technology development section, said that, in Jilin Province on April 21, 1,410 kilograms of ice were sown by aeroplanes around Baicheng, Siping, Changchun, Liaoyuan, Jilin, Hunjiang and Tonghua.

This was followed by a 33 percent increase in rain over an area of 2,500 square kilometers. Liu said that, without the artificial effort, there would have been little rain. As a result of the effort, a medium amount of rain appeared in four counties. In some places, rain water exceeded 14 millimetres.

Earlier, in Shandong Province, 400 kilograms of catalyst were sown by plane to increase rain.

For most of March, there was no rain in Shandong Province. When the province's meteorology station forecasted little rain, the province's artificial rain office and meteorology bureau decided to seize the chance and

sowed the catalyst. As a result, there was an increase of 3 to 5 millimetres of rain. In Qingdao and Jiaonan, there was an increase of 8 to 10 millimetres of rain.

Liu explained that cloud seeding can only be done when conditions are right for precipitation.

**South Supplying More Vegetables to Northern Areas**  
*HK0905043489 Beijing CHINA DAILY in English*  
9 May 89 p 3

[By staff reporter Ma Zhiping]

[Text] As a result of the development of vegetable production in the southern provinces, urban cities in the north have enjoyed increasing supplies of fresh vegetables in recent winters. The supply reached a record 1.2 billion kilograms this past winter, according to an official from the Ministry of Commerce.

Wu Zongzhi attributed the record supply to the country's two major vegetable production belts, the southern subtropical vegetable production belt and the Huaihai vegetable production belt. The two combined to deliver 1.2 billion kilograms of fresh vegetables to North China from last November to March.

He said urban residents in the north also have more vegetables now than they had at this time last year because of this increased supply from the south, though complete statistics about the current supply are not yet available.

The deal clinched by southern vegetable growers and purchasers from the north was for 480 million kilograms from last November to March, but the actual volume of business far exceeded that. The previous record—for the winter of 1987—was 920 million kilograms. A deal for 540 million kilograms has been made for the coming winter. This volume, too, is quite likely to be surpassed, Wu said.

According to investigations made by vegetable specialists from the Ministry of Commerce and the Ministry of Agriculture, more than 1 billion kilograms of vegetables can be delivered each winter to the north from the two vegetable production belts.

The development of a commodity economy and the readjustment of rural production structures have greatly promoted vegetable production in the two areas, which are playing an increasingly important role in regulating the shortages of winter and spring vegetable supplies in big cities in the north, and are bringing significant economic and social benefits as well, said the official.



The deliveries are profitable because all the vegetables are grown on idle land in the winter and thus improve the farmers' incomes. It costs too much to grow vegetables in the north in winter, and in any case the limited output can not meet the needs of the urban population, said Wu.

He said a pattern of vegetable supply to northern cities has developed that includes year-long vegetable supplies from the Huaihai vegetable production belt and winter and spring vegetable supplies from the south.

Vegetable deliveries from the sub-tropical vegetable belt which includes Guangdong, Guangxi, Yunnan, Fujian, Hainan and Sichuan, have been increasing yearly, with the delivery reaching 600 million kilograms during the winter of 1987, according to statistics.

The Huaihai vegetable belt, where many villages have become specialized in single crops, such as eggplants and cucumbers, is located between the Yellow River and the Yangtze River and includes four cities and more than 100 counties.

### East Region

**Party Secretary in Fujian Squanders Public Money**  
HK0905150589 Beijing RENMIN RIBAO in Chinese  
2 May 89 p 1

[Dispatch by reporters Zhang Annan (1728 1344 0589) and Lu Jichuan (4151 4949 0278): "Zhang Wenliang, Secretary of Fujian's Zhangzhou City CPC Committee, Investigated for Squandering Public Money"]

[Text] According to the information provided by many cadres in Zhangzhou City, Fujian to these reporters, during his 4 years in office, Zhang Wenliang, secretary of the Zhangzhou City CPC Committee, has squandered more than 200,000 yuan in public money to build three new houses for himself, one after the other. At the beginning of this year, in disregard of the central authorities' call for honesty in the performance of official duties, he moved to the villa-type house which was built for him at the end of last year. These reporters reported this case to the Fujian Provincial CPC Committee and Comrade Chen Guangyi, provincial party secretary, issued a written instruction in a prompt response to the report, calling for a serious investigation and handling of the case.

Zhang Wenliang's new house was built using 100,000 yuan or more in state funds at a time when curtailment of investment in capital construction was carried out nationwide in the second half of 1988. The construction of the house was not discussed at any Standing Committee meetings of the city party committee, and even Han Yulin, mayor and concurrently deputy secretary of the city party committee, was kept in the dark. It was Zhang Wenliang who directly instructed a deputy secretary-general of the city government to organize the design and construction of the house. After discovering the case, Han Yulin proposed that construction be suspended immediately. However, not only did Zhang Wenliang not suspend the construction, but he upgraded construction standards. According to the original design, the 2-story, duplex house is to accommodate two families, each having a floor space of nearly 150 square meters complete with furnished room floors, a kitchen with ceramic tiles, iron banisters, window screens, outdoor fences, and a veranda, encircling banisters, and a store-room at the rooftop. This is already a violation of the provision of the State Council that reads "the housing standards for cadres at the departmental and bureau levels should be controlled within the range of 80 to 90 square meters each." Zhang Wenliang also violated the provision of the central authorities that reads "senior leaders are strictly prohibited from building single-family housing units for their own use by employing the state's goods, materials, or manpower by means of their given authority," by ordering the removal of the already built foundation to build a freestanding, villa-type house with separate doors and yard, which was locally dubbed the "secretary house." The original kitchens and toilets were removed in favor of new ones. Even after the State Council issued the order to halt the construction of office

buildings, auditoriums, restaurants, and hotels, Zhang Wenliang went to the construction site several times to supervise and urge the construction team to speed up construction instead of strictly enforcing "orders and prohibitions."

Building and moving to his new house does not mean he found it unbearable to depart from his old house where the former prefectural committee party secretary lived, a house with spacious rooms, peaceful and secluded surroundings, and complete equipment. Before he moved to the new house, he spent several thousand yuan in public money making an overall facelift and then installed air conditioners. However, he was still not satisfied with all this, seeking a more modern villa-type house.

Zhang Wenliang has long revealed this desire. In the spring of 1985, 1 month after assuming office as secretary, he moved from his former house in the building of the city Science Commission to the former house of a prefectural party committee deputy secretary, a two-family house, each having four rooms and two halls. Having lived there for just 6 months, he got the city office management bureau to build a new villa-type house especially for him. In the autumn of 1985, the bureau spent 40,000 yuan building a freestanding house with separate doors and a yard, with a housing area amounting to 130 square meters. Later on, inventing an excuse, he chose another side for building a house. In the second half of 1986, in Xiangjiangxincun, he chose a new site, and a new villa-type house with two complete sets of rooms was built, each having a floor space of 140 square meters, using more than 80,000 yuan in funds. According to his original plan, he and the mayor would occupy each set, but the mayor refused to do so. Moreover, there were complaints among old cadres about the matter. He had to let the chairman of the Standing Committee of the city People's Congress and chairman of the city CPPCC [Chinese People's Political Consultative Conference] Committee live in it. He himself began to plan the construction in the compound of the city party committee the free-standing villa-type "secretary house" with separate doors and a yard, into which he just moved.

Cadres in Zhangzhou City indignantly say that the new house of Zhang Wenliang—with a family of four—a villa-type freestanding house with separate doors and a yard and a floor space of nearly 150 square meters, has greatly exceeded the housing qualifications and standards for cadres set by the state and surpasses the housing area ever occupied by the previous secretaries of the prefectural party committee. They say: "Flying in the face of the facts that the state is curtailing the scope of capital construction, Zhangzhou City runs up financial deficits every year, and nearly 10,000 teachers, cadres, and dwellers in the city are perennially saddled with housing shortages, Zhang Wenliang seeks just ease and comfort for himself."

**Mao Zhiyong Attends Jiangxi Population Meeting**  
*OW0405054689 Nanchang Jiangxi Provincial Service  
in Mandarin 1000 GMT 17 Apr 89*

[Text] Governor Wu Guanzheng, speaking this morning at a provincial mobilization meeting to kick off propaganda activities on the occasion of 1.1 Billion Population Day, called on the people of the entire province to increase their sense of urgency over the population problem, to strictly control population growth, and to realize Jiangxi's plan for population growth this year and its population control target by the end of this century, to ensure the smooth advance of reform and construction.

By 14 April this year, the Chinese population on the mainland had reached 1.1 billion. This has sounded the alarm that the situation regarding China's population growth is very serious. It is a pressing obligation to increase the citizens' population consciousness.

This morning, the provincial people's government and the Nanchang City People's Government held a meeting to mobilize all forces to take part in publicizing 1.1 Billion Population Day. Nearly 1,000 people, including the cadres of various units under the provincial and city governments, attended the meeting. Provincial and city leaders attending the meeting were Mao Zhiyong, Wu Guanzheng, Jiang Zhuping, Wang Zhaorong, Wang Baotian, Zhao Zengyi, Zhu Zhihong, Xu Qin, Pei Dean, Chen Guizun, Li Shanyuan, (Hui Changan), Li Aisun, and Chen Andong; Bai Dongcai, member of the Central Advisory Committee; and veteran comrade Fu Yutian.

The mobilization meeting was presided over by Jiang Zhuping, deputy secretary of the provincial party committee and vice governor of Jiangxi. Wu Guanzheng was the first to address the meeting. After analyzing the grave situation regarding population growth confronting our province, he said that the question of population is one of the important questions in social development today. The excessive growth of the population has seriously restricted economic and social development and impeded improvement of people's living standards. In 1988, Jiangxi's population was 36.09 million, which exceeded the population control plan. Because of our failure to control population growth, about 10 percent of the newly added yearly income of our province was consumed by newborns. This has restricted the accumulation of funds for economic and social development. The excessive growth of the population has brought about a great strain on the development of various social undertakings, making jobs difficult to find and causing housing shortages and congested traffic. Our medical, educational, cultural, and recreational facilities were unable to keep up with the population growth. This has directly affected our effort to realize our strategic objective by the year 2000.

Our attention should also be paid to the fact that since 1985, our province has entered a peak birth period for the third time, and the number of women of childbearing age

has been increasing at a rate of over 400,000 a year. If we fail to effectively check population growth, it will have a serious impact on economic and social development, on improvement of the economic environment and rectification of the economic order, and on reform and opening to the outside world. This has a direct bearing on national development and the prosperity of the state. All citizens have the duty and obligation to implement family planning, a fundamental policy of the state.

Wu Guanzheng stressed: We must earnestly and thoroughly carry out our current family planning policy and gradually introduce laws and regulations into our family planning work. In both urban and rural areas, we should continue to encourage late marriage and childbirth and good prenatal care, and to persist in one child per couple. State cadres, workers, staff members, and urban residents should also persist in one child per couple, except for those who have obtained permission under special circumstances. Under these conditions, some people in rural areas, including families that have only one female child, may be allowed to have a second child upon request, but they must wait a few years before having the second child. Third births are not permitted under any circumstances. In poor regions, assistance for these regions should be carried out in conjunction with family planning work. A good program to eliminate poverty is the development of production and the reduction of births outside family planning.

Party committees and governments at all levels should earnestly attach importance to family planning work. They should strengthen leadership over this work. Their principal leaders should personally take charge of family planning work and introduce a responsibility system for this work. They should remember that they should simultaneously concern themselves with two types of production: economic and population. However, they must see to it that the index of economic production goes up, while the index of population growth goes down. Beginning this year, a family planning veto will be introduced in the evaluation of quotas management in prefectures and cities. Leaders at all levels must pay attention to safeguarding the enthusiasm of grass-roots family planning cadres by supporting their work. They should strive to solve practical problems in family planning work in order to raise its quality. As for those who undermine family planning, impair the interests of women and children, and disrupt the normal work of family planning workers, they must be dealt with according to law.

**Shandong's Jiang Attends May 4th Rally**  
*SK0505021089 Jinan Shandong Provincial Service  
in Mandarin 2200 GMT 3 May 89*

[Text] On the eve of the 70th anniversary of the May 4th Movement, a brilliant red-letter day for Chinese youths, 700 outstanding youths from various fronts throughout the province gathered in the city of springs to receive the title of new long-march shock workers—an honorary title admired by youths. Among them, 12 would be



named as new long-march shock pacesetters and provincial model workers. One hundred collectives would be named as new long-march shock forces.

On the morning of 3 May, a grand provincial rally to mark the 70th anniversary of the May 4th Movement, as well as the Third Shandong Provincial Congress of New Long-March Workers, were held at the auditorium of Jinan's (Dongjiao) Hotel. Attending were leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, committee of the Chinese People's Political Consultative Conference, and Discipline Inspection Commission, including Jiang Chunyun, Ma Zhongchen, Zhao Zhihao, Liang Buting, Li Zhen, Zhang Quanjin, He Guoqiang, Ma Zhongcai, Yang Xingfu, Zhou Zhenxing, and Ding Fangming, and responsible comrades of relevant provincial departments. They extended warm festive greetings to youths throughout the province.

At 0900, when the rally marshal declared the rally open, 400 young pioneers, waving fresh flowers in their hands, delivered a congratulatory message amid lively music accompanied by the beating of drums.

On behalf of the provincial party committee, Ma Zhongchen gave a speech amid warm applause. He said that to save the disaster-ridden nation in peril, Chinese youths plunged into the great revolutionary anti-imperialism and antifeudalism trend with an indomitable spirit to sacrifice to win sovereignty 70 years ago. The great patriotic spirit displayed by the youths during the May 4th Movement is the most prominent and outstanding characteristic of Chinese youths.

He said: Youths of the present age should closely link their personal destiny with the destiny of the motherland, give consideration to the interests of the motherland in doing everything, enhance their national respect and confidence, and work tenaciously for the development of the Chinese nation. They should fight unremittingly for everything conducive to the prosperity of the state and the nation, and resolutely oppose everything detrimental to the interests of the state and the nation. This is an important criterion for judging whether a youth is an unswervingly loyal patriot.

Ma Zhongchen stressed the patriotic spirit which we should advocate is currently embodied in upholding the four cardinal principles and enhancing the belief in the party and socialism. The four cardinal principles constitute the foundation on which we will build the country, and the socialist road is the inexorable choice of Chinese history. Without the CPC, there would have been no new China, and without the CPC leadership, there would be great disorder under heaven. This is the great truth repeatedly proven by practice over a long period of time. In the face of this cardinal question of right and wrong, the masses of youths should remain clearheaded, unflinchingly

uphold the party leadership and the socialist system, and work with a clear-cut stand and in unity for the future of the state and the development of the nation.

(Wang Chuantang), secretary of the provincial committee of the Communist Youth League, gave a report entitled "Carry Forward the Tradition of the May 4th Movement, Facilitate Reform and Construction, and Work Hard to Develop Shandong and Accomplish the Four Modernizations."

The provincial Council of Trade Unions, Women's Federation, Scientific and Technological Association, Federation of Literary and Art Circles, Writers Association, Federation of Social Science Societies, Association of Taiwan Compatriots, and Association of Returned Overseas Chinese extended congratulations to the rally.

**Shanghai Municipal People's Congress Opens**  
*OW0505042989 Shanghai WEN HUI BAO in Chinese*  
18 Apr 89 p 1

[Text] The Second Session of the Ninth Shanghai Municipal People's Congress solemnly opened at the Shanghai Exhibition Center yesterday morning.

The session is being held at a critical moment during the improvement of the economic environment, the rectification of the economic order, and the deepening of the reform in our country. Yesterday morning, deputies wore orange identification tags as they solemnly entered the site of the congress. In line with the spirit of the Second Session of the Seventh National People's Congress [NPC], the deputies will give full play to democracy, strictly conduct matters in accordance with the law, and work with concerted efforts to make this session a grand meeting to promote democracy, unity, and fighting will, and to advance the improvement of the economic environment, the rectification of the economic order, and the deepening of reform in this municipality.

Of 890 deputies, 795 attended the session.

The executive chairmen of the session are Jiang Zemin, Ye Gongqi, Zhao Zukang, Chen Tiedi, Sun Guizhang, Liu Jingji, Tan Jiazhen, Liu Nianzhi, Ye Shuhua, Li Jiahao and Wang Chongji.

Seated at the rostrum were Zhu Rongji, Chen Guodong, Xie Xide, Hu Lijiao, Wang Daohan, Yang Di, Huang Ju, Wu Bangguo, Zeng Qinghong, Zhang Dinghong, Mao Jingquan, Zhao Qichen, Yang Zhifan, Chen Zhili, Zhao Xingzhi, Ni Tianzeng, Xie Lijuan, Zhuang Xiaotian, Ni Hongfu, Li Chuwen, Gu Nianzu, Shi Zhusan, Wang Xing, Zhao Chaogou, Xu Yifang, Tang Junyuan, Dong Yinchu, Zhang Ruifang, Yang You, Yan Dongsheng, Wu Zengliang, Chen Mingshan, and Zhao Xianchu. Chen Yi and Yang Shifa also sat at the rostrum.

Su Buqing, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, attended the session on invitation.

NPC deputies and members of the CPPCC National Committee in Shanghai and members of the municipal CPPCC Committee, totaling 970 people, were invited to attend the session as observers.

At 0900 yesterday morning, Executive Chairman Ye Gongqi declared open the Second Session of the Ninth Shanghai Municipal People's Congress to be open. All participants loudly sang the national anthem.

Mayor Zhu Rongji gave a report on the work of the municipal government to the session. His report was divided into two parts: a review of 1988 work and the tasks for 1989. He said: Last year was the first year Shanghai signed contracts to assume full responsibility in its financial work and foreign trade. It was also the first year in implementing the strategy for the development of the coastal areas. Under the leadership of the party Central Committee, the State Council, and the Shanghai Municipal CPC Committee, under the supervision and guidance of the Shanghai Municipal People's Congress, and with the united struggle of people of the whole municipality, Shanghai fulfilled or overfulfilled plans for industrial and agricultural production, communications and transportation work, domestic and foreign trade, and local revenues. Shanghai also made new progress in municipal construction and in the development of science, technology, and education. The "vegetable production project" achieved relatively good results. The delegation of clear-cut responsibility and power to various districts and suburban counties and the implementation of the contract responsibility system in an all-around way achieved satisfactory results. The various tasks mentioned in the report on the work of the municipal government, which was endorsed by the First Session of the Ninth Shanghai Municipal People's Congress, were basically fulfilled.

Touching on the work and various tasks for 1989, Zhu Rongji said that resolutely implementing the policy of improving the economic environment, rectifying the economic order, and deepening the reform in an all-around manner, and firmly carrying out the strategy for developing the coastal areas and promoting the development of an export-oriented economy will be the main tasks for the work of the municipal government in 1989. This year, the municipal government plans to concentrate efforts to grasp the following tasks:

1. Maintaining market stability;
2. Adjusting the economic structure;
3. Deepening the reform of the economic structure;
4. Revitalizing and promoting educational work;

5. Doing a good job in 12 undertakings and strengthening municipal management; and

6. Setting high demands on government work and strengthening efforts to maintain high standards of ethical integrity.

Zhu Rongji pointed out that in successfully promoting various tasks in Shanghai, the key lies in having a contingent of cadres who are honest in performing official duties, who can carry out various tasks in an efficient manner, and who are determined to serve the people wholeheartedly. However, we can clearly see that the situation of wanton feasting, accepting gifts, and using power to seek self-interests still exists. This situation has made a very bad impression on the people. We are determined to wage a resolute and untiring struggle against these corrupt tendencies. The meeting participants burst into enthusiastic applause.

Zhu Rongji said: Regarding administrative supervisory work this year, we will not only continue to grasp the work of supervising leading cadres at the bureau and higher levels, but extend supervision down to the lower levels as well. The cadres at each level should set a good example and supervise the work of cadres directly under their jurisdiction. Governments at various levels should consciously accept legal and work supervision from people's congresses; accept democratic supervision from CPPCC committees, democratic parties, nonparty patriotic people, trade unions, and other mass organizations; improve the handling of people's letters and visits and the system of accepting reports from people on cadres' wrongdoing; rely on the masses' supervision; and attach importance to public opinion and supervision by mass media, including newspapers, radio, and television. Government functionaries at all levels must strictly obey law and discipline and oppose corrupt tendencies. Leading cadres at various levels must set high demands on themselves, be models for other people, perform official duties in an honest and just manner, and have clean hands. It is necessary to rely on party organizations and discipline inspection organizations at various levels to build up a contingent of cadres with a hard working spirit, dedication, honesty in performing official duties, and efficiency in carrying out various tasks. The participants again burst into warm applause.

Zhu Rongji emphatically pointed out that the improvement of the economic environment and the rectification of the economic order are not only arduous economic tasks, but arduous tasks in building a socialist, spiritual civilization as well. Shanghai is a city with an honorable history. We must carry forward and develop the fine tradition of working hard, practicing frugality, and building enterprises through arduous efforts. We must use our own efforts to shoulder Shanghai's new heavy tasks, which are tasks of historical importance for the people in Shanghai. He especially pointed out that theoretical research, newspapers and publications, radio, television, and cultural and art departments shoulder an

honorable and important task in guiding public opinion. They encourage the masses and heighten people's spirit. It is hoped that these departments will, with a high sense of social responsibility and mission, create more outstanding works of a positive nature to satisfy the masses' spiritual needs and make special contributions to the creation of a generation of new people in Shanghai.

Zhu Rongji said: Improving the economic environment and rectifying the economic order are, in essence, a new economic adjustment. We must not only fully estimate our difficulties, but we must have full confidence in our future outlook. The municipal government is determined to take the lead in developing the spirit of hard struggle and the principles of relying on our own efforts, building our country through thrift and diligent work, and practicing economy in doing all things. We will adhere to the policy of setting high demands on government work, improve our own work, and rely on the concerted efforts of government organizations at all levels to overcome difficulties. He said: Although Shanghai does not have abundant natural resources, we have capable people and a good location. So long as we properly whip up the people's enthusiasm and develop their creative nature, we can certainly concentrate our efforts to build up Shanghai and create a good future.

Responsible persons of offices of various ministries under the State Council and liaison offices of various provinces and municipalities in Shanghai, as well as envoys from various foreign consulates and consulates general, attended the session as observers on invitation.

### Central-South Region

**Xu Shijie Stresses Unity to Hainan Cadres**  
HK0505023589 Haikou Hainan Provincial Service  
in Mandarin 1000 GMT 4 May 89

[Excerpts] Yesterday morning the provincial party committee held a meeting of cadres at the departmental level from organizations directly under the provincial party committee and the provincial government, at which they were urged to assiduously study the editorial, "It Is Necessary To Take a Clear-Cut Stand Against Disturbances," and the editorial, "Safeguard the Overall Interests and Maintain Stability," both carried in RENMIN RIBAO, in order to maintain the overall situation of stability and unity to push forward the construction of the special economic zone.

Xu Shijie, provincial party committee secretary, and Liu Jianfeng, deputy secretary, both delivered important speeches at the meeting. [passage omitted]

In their speeches, they bitterly criticized a few staff members of some companies in provinces other than Hainan for illegally visiting universities to establish ties with college students in an attempt to instigate them to stage demonstrations in the streets. On behalf of the provincial party committee, Comrade Liu Jianfeng

demanding the following from all cadres: First, all units should organize cadres and the masses to assiduously study the two RENMIN RIBAO editorials to have a correct understanding of the current situation and attain unity of thinking in order to firmly maintain the hard-won political situation of stability and unity. Second, all cadres must correctly distinguish all sorts of rumors spreading in society, seriously criticize all remarks and acts of denying the four cardinal principles, and adopt effective measures to stop them and persuade their friends, relatives, and children not to believe in those rumors. Third, all cadres must stand fast at their posts in order to do their work well; it is also necessary to stop the efforts to establish ties, and to prohibit all types of illegal activities. Apart from conducting their daily business, leaders of all companies must further educate their staff members not to establish ties and resolutely prevent them from taking part in any illegal activities. Fourth, political and ideological work must be strengthened. Leaders at various levels, including leading cadres of all units, must learn how to conduct dialogues with the masses. The two-openness and one-supervision system must be introduced in all fields of our work to increase visibility. Meanwhile, leaders at various levels must exchange views with the masses so that the masses will have a good understanding of some sensitive problems and their grievances will be settled at an early date.

**Xu Participates in Hainan Meeting on Basuo**  
HK0505021989 Haikou Hainan Provincial Service  
in Mandarin 0030 GMT 4 May 89

[Excerpts] The overall draft plan for exploitation of the Basuo Industrial Development Zone, one of the major economic development zones in our province, has been worked out.

Yesterday afternoon the provincial government invited responsible persons of the departments concerned, as well as some experts, to a meeting to appraise and examine the draft plan. The meeting was held at Haifeng Hall of the Qiongyan Guesthouse. Xu Shijie, provincial party committee secretary; Liang Xiang, provincial governor; and Xin Yejiang and Zou Erkang, provincial vice governors, attended the meeting.

The Basuo Industrial Development Zone is located in the Basuo area, to the southwest of our province. [passage omitted]

After listening to a briefing given by a professor from Shanghai Tongji University on the overall plan for exploitation of the Basuo Industrial Development Zone, Comrade Xu Shijie said: After the Daguang power station is built, Dongfang County will become a major grain and fruit base in our province. Therefore, the overall plan for exploitation of the Basuo Industrial Development Zone should include agricultural elements. Meanwhile, the present exploitation plan should be based on a long-term point of view. Comrade Liang



Xiang pointed out that the Basuo Industrial Development Zone is different from the Yangpu Industrial Industrial Zone in pattern. The overall plan for exploitation of the Basuo Industrial Development Zone must have flexibility to a certain extent and, at the same time, we must pay attention to the problem of environmental pollution. Comrade Zou Erkang noted that in planning projects to be built in the Basuo Industrial Development Zone, we must take local natural resources into account and make detailed studies of funds, raw materials, and markets. [passage omitted]

**Guan Gives Speech at Hubei May 4th Celebration**  
*HK0505021789 Wuhan Hubei Provincial Service*  
*in Mandarin 1130 GMT 4 May 89*

[Excerpts] A Hubei provincial gathering to mark the 70th anniversary of the May 4th Movement was held in the Hongshan Hall, Wuchang, yesterday afternoon. [passage omitted]

In a speech, Guan Guangfu, provincial party committee secretary, said: In solemnly commemorating the May 4th Movement and the glorious deeds of our revolutionary predecessors during the May 4th period, we must carry forward in the new historical conditions the May 4th Movement's spirit of patriotism, revolution, democracy, and science; uphold the party's basic line; preserve the political situation of stability and unity; further draw forth the strength of the whole nation; strive to accomplish the four modernizations; and invigorate China. [passage omitted]

Guan Guangfu said that trying to accomplish everything in reform at one stroke and hoping that it will all be smooth sailing can only be an illusion divorced from reality. Problems that occur in the course of reform can only be solved through applying reform methods. There is no future in going back to the old road. At the same time, in our reform, we must uphold the four cardinal principles and advance along the road of building socialism with Chinese characteristics. Total westernization and the pursuit of capitalism do not accord with our national condition and run counter to the fundamental interests of the people of our country. [passage omitted]

Guan Guangfu said that the building of socialist democratic politics requires a great deal of work over a long period and a process of gradual development and perfection. It cannot be accomplished in one morning. We should be a bit more realistic in our political attitude and harbor fewer infantile illusions. We cannot get away from our national condition or the socialist system in building socialist democratic politics, nor can we copy the political systems and democracy of the West. History and reality tell us that the capitalist system cannot work in China, and total westernization can only harm the country and the people.

Guan Guangfu pointed out that to smoothly accomplish the building of socialist democratic politics, it is necessary to have a political environment of stability and unity. Stability and unity constitute the precondition and important guarantee for the prosperous development of all our undertakings. We have tasted enough of the bitterness of disturbances. The preservation of stability and the opposition to disturbances constitute the overall situation of our country and the fundamental interest of the people of the whole country. At present, a very small number of people with ulterior motives, under the pretext of demanding democracy, are fabricating rumors to mislead the people, engaging in all kinds of illegal activities, and causing incidents. Their aim is to fundamentally negate Communist Party leadership and the socialist system, confuse people, and throw the country into chaos. This is a serious political struggle facing us. We must by no means indulge such things and take a laissez-faire approach. The party organizations and the people throughout the province must resolutely respond to the call of the central authorities, unite, take a clear-cut stand against the disturbances, and resolutely preserve the hard-earned political situation of stability and unity.

He said that the new historical period has presented new tasks for young people. We hope that the young people will adhere to the correct orientation of the youth movement. [passage omitted]

**Xiong Addresses Southern Hunan Development**  
*HK0905024989 Changsha Hunan Provincial Service*  
*in Mandarin 2200 GMT 8 May 89*

[Text] On 8 May, Xiong Qinghan, provincial party committee secretary, held a forum with the Lingling delegation attending the second session of the seventh provincial People's Congress to discuss the development of southern Hunan.

After listening to the deputies' views and suggestions, Comrade Xiong Qinghan said that southern Hunan should pursue comprehensive development, focusing on grain. It is essential to assign grain production an important place in this development. All places that can grow grain must grow more. Cash crops, forests, orchards, and so on can be developed in the barren mountains, and should not occupy grain land. A variety of management forms can be adopted. Single households can undertake contract development, and so can combinations of households and collectives; we can also encourage peasants from other counties and townships to invest in the development. However, we must pay attention to unifying the plans, avoid scattering the effort, and strive to ensure that each locality benefits from local development.

Investment in the development of southern Hunan should mainly be spent on water conservancy. It is essential to improve the existing water conservancy projects and fully tap their potentials. In conducting water conservancy, we should ensure that those who put

in the effort reap the benefit; we should not have any more of the past practice of everyone enjoying the same big pot of water conservancy.

Xiong Qingquan said in conclusion that in developing southern Hunan, attention must be paid to the development of forestry, which is the strong point of Lingling and must not be abandoned.

### Southwest Region

**Tibet Eases Ban on Foreign Tourists in Lhasa**  
*HK1005012389 Hong Kong HONGKONG STANDARD in English 10 May 89 p 6*

[By Fan Cheuk-wan]

[Text] The Tibetan capital of Lhasa has been partly reopened to foreign tourists following a return to normal in the city's economic and social life, a government spokesman said yesterday.

However, China's State Council has not raised the martial law order imposed on the city on March 8 following the outbreak of anti-Chinese riots.

Mr Nong Deyi, a spokesman for the Beijing office of the Tibet regional government, said yesterday a small number of foreign tourists had been granted permission to enter Lhasa since the beginning of the month.

"The Tibet Autonomous Region People's Government regarded the current situation in Lhasa had been restored to normal so we allowed entry of a small number of foreign visitors," he said.

Tourists have been allowed to enter the city from Chengdu, capital of Sichuan Province.

But Mr Nong stressed that the city had not been fully reopened to foreigners. He said all overseas tourists required permission from the Foreign Affairs Office of the Tibet Government.

The State Council introduced martial law following three days of bloody anti-Chinese rioting in March in which at least 16 people were killed.

It was the worst violence since the abortive 1959 uprising which led to the exile of the Dalai Lama, Tibet's spiritual leader.

Under martial law, foreigners were prohibited from entering Lhasa without permission.

Those who were already in the city were required to leave when told to do so.

Although normal life was returning to the city, Mr Nong said, the "partial reopening" did not mean the State Council was considering an end to martial law.

"As far as I know, the State Council has not considered lifting martial law at the present stage because a small number of separatists are still conducting activities secretly in Lhasa.

"There have been no riots since the imposition of martial law in March. But separatists are still spreading anti-Chinese propaganda through distribution of leaflets," he said.

"The Tibet Government also did not consider it the right time to lift martial law as we still need an observation period to study the situation in the city."

In response to an appeal by the Dalai Lama to lift the law to allow him to begin negotiations with Beijing, Mr Nong said: "The Dalai Lama's request is totally irrelevant to the central government's decision on martial law. The State Council will consider the necessity of martial law according to the reports submitted by the Tibet Government on the latest political situation in Lhasa."

Mr Nong said foreign journalists could apply to the Information Department of the Ministry of Foreign Affairs or the Foreign Affairs Office of the Tibet Government for permission to enter the region.

"It will depend on the consideration of the two departments on individual applications. There's no strict regulations banning the entry of foreign journalists to Lhasa, but they must gain prior approval from our government," he said.

### North Region

**Beijing's Li Speaks on Building Cadre Strength**  
*SK1005092789 Beijing BEIJING RIBAO in Chinese 6 Apr 89 p 1*

[Text] To further facilitate the building of our municipality's contingent of office cadres, the Organization Department of the municipal party committee held a forum from 3 to 5 April on building the contingent of office cadres.

Li Ximing, secretary of the municipal party committee, and Chen Xitong, municipal mayor, attended to address the forum. Based on reality, they spoke on the work to ensure the implementation of the party's basic line, to uphold the four cardinal principles, to consolidate and develop the achievements in reform, and to ensure the improvement of the economic environment and rectification of the economic order to explain in simple terms the necessity, importance, and urgency of strengthening the contingent of office cadres. They also presented specific demands.

In his speech, Li Qiyuan, deputy secretary of the municipal party committee, expounded the great significance of strengthening the contingent of office cadres and the necessity for our municipality to conduct vertical

exchanges of office cadres. He urged participants to conscientiously summarize the experiences and lessons in the exchanges and upgrade the building of the contingent of office cadres to a new level in order to comply with the new situation.

Wang Jialiu, deputy secretary of the municipal party committee, gave a speech on the current situation.

More than 190 people attended the forum. In attendance were leading cadres who had been transferred from organs of the municipal party committee and government to various districts, counties, and bureaus. Also present were leading cadres of the various departments, committees, and offices of organs under the municipal party committee and government. Chen Guangwen, director of the Organization Department of the municipal party committee, presided over the forum. Also attending were Meng Zhiyuan and Yuan Liben, members of the Standing Committee of the municipal party committee.

**Li Ligong Addresses Shanxi Congress Closing**  
*HK0405065389 Taiyuan SHANXI RIBAO in Chinese*  
21 Apr 89 p 1

[Report: "2d Session of 7th Provincial People's Congress Concludes"]

[Excerpts] The 2d session of the 7th Provincial People's Congress closed on the afternoon of 20 April at the Taiyuan Working People's Palace of Culture.

Six resolutions were adopted at the meeting.

Li Ligong spoke at the closing of the meeting. He hoped that governments at all levels in the province would conscientiously and thoroughly carry out the resolutions adopted at the meeting; thoroughly implement the various tasks mentioned in the government work report; and work hard in realizing the plans and budget approved at the meeting.

The meeting was presided over by executive chairman Li Ligong. Other executive chairmen included the Standing Committee chairmen of the presidium, Wang Tingdong, Yan Wuhong, Feng Suta, Zhang Jianmin, Pan Ruizheng, Liu Yanqing, and Wei Yunyu. [passage omitted]

During his speech at the closing ceremony, Li Ligong said that this meeting had conscientiously and thoroughly implemented the spirit of the 2d Plenary Session of the 7th National People's Congress. The meeting, which enhanced people's enthusiasm and strengthened people's confidence, was held on the basis of the improvement of the economic environment, the rectification of the economic order, and the deepening of the reform.

Li Ligong said that the government work report prepared by governor Wang Shenhao was read at the meeting. The report practically addressed the achievements of the

economic development, reform and other work; pointed out the existing difficulties and problems; analyzed the defects and errors in the work; and proposed the tasks and measures for this year's improvement, rectification, and the deepening of the reform. The meeting passed a resolution approving the report of governor Wang Shenhao and the resolution concerning the report of the plans and budget. He hoped that the people's governments at all levels in the province will conscientiously and thoroughly implement the resolutions adopted at the meeting, fulfill the various tasks raised in the government work report, and work hard in realizing the plans and budget approved at the meeting. All work centering around the improvement of the economic environment, rectification of the economic order, and the deepening of the reform should be carried out. We have to earnestly and wholeheartedly implement the work in improving the economic environment and rectifying the economic order, especially about the problems of the prices, social order, establishment of an anti-corruption system, education, and birth control, which are what people are most concerned about and have voiced many opinions about. Governments at all levels have to adopt effective measures to tackle these problems in order to gain remarkable achievements.

Li Ligong said that the work reports of the provincial People's Congress Standing Committee, the provincial Higher People's Court, and the provincial People's Procuratorate were heard and considered at the meeting, and corresponding resolutions were made. At the same time, two more persons were elected to be the vice chairmen of the provincial People's Congress Standing Committee, and a by-election for a member of the Standing Committee was held. The representatives were solemn and serious while they considered the various proposals. They voiced their own opinions freely. The meeting had a democratic, harmonious, and united atmosphere. He hoped that everybody could go back to his own post and work with all the people in the province to conscientiously and thoroughly implement the various resolutions adopted at this meeting. Everybody should be dedicated heart and soul to the same cause, pool their wisdom and strength, and be united to work for the realization of the improvement and rectification, the deepening of the reform, the improvement of the province's economic development and various socialist undertakings, and the prosperity and improvement of the livelihood of the people under the leadership of the Communist Party of China.

The meeting concluded when the national anthem was played. [passage omitted]

**Tianjin's Li Ruihuan Speaks on Prices at Meeting**  
*SK0805073689 Tianjin TIANJIN RIBAO in Chinese*  
24 Apr 89 p 1

[Excerpts] "We should expedite the progress of building democratic politics and, through People's Congress sessions, consultation and dialogues, and the news media,



expand the work to allow the people to participate in and discuss government affairs, make major issues known to the masses and available for discussion by them, and ensure that policies are made in a scientific and democratic manner." These remarks were made by Li Ruihuan, municipal mayor, when commodity prices were discussed at a plenary meeting of the Heping District delegation to the 2d session of the 11th municipal People's Congress on 23 April.

Li Ruihuan said that last year, Tianjin's price index was lower than the average increase of the urban and rural areas throughout the country, and its price increase was also the lowest among the 32 large and medium-sized cities across the country. How should we maintain such a situation? We should mainly increase the visibility of government work, open the irrational prices to discussion for people throughout the municipality, and establish a common practice of holding discussions with the masses on issues closely related to their lives so as to eliminate their panic. He believes that such a method is reasonable, and can make the people understand.

At the 23 April meeting of the Heping District delegation, the atmosphere was lively, and many deputies vied to give their opinions on the government work report. [passage omitted]

Deputy Tong Daming suggested that the government work report stress the need to oppose waste, stem loopholes, increase production, practice economy, broaden resources of income, reduce expenditure, and check and dismiss employed peasant workers. Li Ruihuan said: Our enterprises are overstaffed, with some people having nothing to do. However, a great number of workers have also been recruited from other localities to do the work that no one does. This not only increases the supplies of nonstaple foods, but also makes the personnel of enterprises and institutes unwilling to do anything. This is a very serious problem, and we should dismiss a number of workers recruited from other localities in a planned manner. The municipal government failed to pay close attention to this problem, made slow progress, and made mistakes in work. The municipal government should now clearly stipulate what kinds of work should not be done by workers hired from other localities. If the work has to be done, we may hire peasants from Tianjin's suburban counties to do it. This is also a kind of support for the poor.

Li Ruihuan pointed out that there are numerous reasons for the current problems and mistakes. The most basic one is our failure to fully arouse the enthusiasm of the masses of staff members and workers. Instead of always studying the ways to cut watermelons, we should study ways to plant watermelons. If production cannot be promoted, inflation and price increases will be unavoidable. We should invigorate enterprises, especially large and medium-sized ones, with the focus on persistently carrying out enterprise

reform. This is the basic way to stabilize market prices and increase the supply of essential products in the process of improvement and rectification.

Li Ruihuan concluded that people should have a certain spirit. Our advocacy of voluntary labor and voluntary tree-planting in Tianjin is based not only on increasing material benefit but, more importantly, on cultivating a certain spirit. If everyone works hard with concerted efforts, Tianjin's work will be carried out more successfully.

### Northeast Region

**Sun Addresses Enterprise Reform in Heilongjiang**  
SK0605014089 Harbin HEILONGJIANG RIBAO  
in Chinese 19 Apr 89 pp 1-2

[Speech by Sun Weiben, secretary of the provincial party committee, at the 17 April, 1989 provincial conference on deepening the reform of large and medium-sized enterprises]

[Text] Comrades: Invigorating large and medium-sized enterprises has always been an issue that has extremely concerned the provincial party committee and the provincial government. Early this year when making arrangements for this year's work, the provincial party committee regarded the invigoration of large and medium-sized enterprises as the most important task. At the critical moment of improving the economic environment and rectifying economic order, we hold this conference to further study how to achieve success in this work. From the introduction of experiences and the discussions and speeches made during this conference, we have happily noticed that the province's reform of large and medium-sized enterprises and our entrepreneurs' thoughts about reform have already been transferred from the shallow level of primarily delegating powers and conceding benefits to enterprises to a deep level of tapping the potential of enterprises. In carrying out subsidiary reforms within themselves, these enterprises have positively and steadily carried out experiments and explorations for deep reforms and have created and accumulated many successful experiences. From here, we have personally felt the trend of sound development of our large and medium-sized enterprises and have happily seen that a number of entrepreneurs are becoming mature in the practice of reform, which has clearly shown us the bright future in invigorating large and medium-sized enterprises.

This conference has penetratingly implemented the guidelines of the 3d plenary session of the 13th party Central Committee, the recent 2d session of the 7th National People's Congress [NPC], and the meeting of responsible persons of various provinces, municipalities, and autonomous regions. This conference has also studied how to deepen the reform of large and medium-sized enterprises in the course of improving the economic environment and rectifying economic order, and has discussed and revised the "temporary regulations on the

reasonable flow and optimum organization of the essential factors of production among enterprises" and the "opinions on the several questions concerning the reform of leading systems of large and medium-sized enterprises." By adopting the method of combining leading cadres, enterprise managers, and theoretical workers, this conference has achieved great success in exchanging experiences, studying questions, and formulating policies. Now, I want to dwell on three issues in line with your discussions.

### **1. Firmly and Unswervingly Deepen the Reform of Large and Medium-Sized Enterprises**

At present, large and medium-sized enterprises are encountering many new problems and contradictions, and the increasingly tight economic environment has brought additional new difficulties to reform. Faced by such a situation, some comrades have given way to impatience and the fear of difficulty, their confidence in reform has been shaken, and their sense of reform has diminished. Worse still, some enterprises have slowed down or even stopped their deepening of reform. Such instances must attract our great attention. Upholding reform while improving the economic environment and rectifying economic order has been the consistent guideline of the central authorities for a certain period. This was once again stressed by the recent Second Session of the Seventh NPC and the meeting of responsible persons of various provinces, municipalities, and autonomous regions. At present, some persons misunderstand the wording of "wholeheartedly carrying out improvement and rectification," thinking that right now we can only carry out improvement and rectification but not reform. In fact, by stressing "wholeheartedness," we mean the necessity of unifying our understanding and actions and mobilizing higher and lower levels to carry out improvement and rectification with one heart and one mind, instead of carrying out only improvement and rectification but not reform. The principle set forth by the 3d plenary session of the 13th party Central Committee with regard to improving the economic environment, rectifying economic order, and comprehensively deepening reform is a complete principle; thus, we must comprehensively understand and implement it. The improvement and rectification must be carried out on the prerequisite of adhering to the general orientation of reform and must be supported by the deepening of reform. As far as the economic structural reform is concerned, we should give top priority to deepening enterprise reform and improving economic efficiency. Therefore, we must not, in the slightest degree, waver from the deepening of enterprise reform.

In line with the province's actual conditions, we should deepen enterprise reform and concentrate on the reform of large and medium-sized enterprises. Large and medium-sized state enterprises have a decisive place in the province's economic development. The province has 366 large and medium-sized state industrial enterprises. Although

they only account for 2.4 percent of all industrial enterprises, their output value amounted to 64.8 percent of the province's total industrial output value and their product sales income amounted to 69.6 percent of the province's total. Large and medium-sized enterprises are the main sources of the province's local revenue. They offer more than 80 percent of the province's total profits and taxes. To solve the province's economic difficulties and improve the overall economic environment, we should rely on enterprise reform to upgrade economic results and the ability to take on reform. Therefore, if we do not carry out reform to enliven large and medium-sized enterprises, it will be impossible to extricate ourselves from the current economically strained circumstances, and it will be difficult to realize the "383" program and ensure effective supplies. Meanwhile, large and medium-sized state enterprises were once totally controlled by the old economic system; therefore, their reform work is more difficult than any other enterprises. Only when large and medium-sized enterprises make a breakthrough in reform can the overall reform work possibly be deepened.

Under the current circumstances, the priority for deepening the reform of large and medium-sized enterprises is to perfect and develop the enterprises' contracted management responsibility system. So far, more than 90 percent of the province's large and medium-sized state enterprises have carried out various forms of the contracted management responsibility system. Practice indicates that the implementation of the system has inspired the enterprises' enthusiasm and poured new vitality into enterprises. Of course, some problems that merit our attention have also emerged in the course of carrying out the contract system, such as unreasonable base figures covered in the contracts, an imperfect restriction mechanism, and some individual enterprises' seriously short-sighted activities. However, in general, these problems are not related to the contract system itself, but are caused by its imperfection. At present, we must clearly understand this point. Under the current circumstances, no methods can replace the contract system. Large numbers of enterprises are only able to continuously persist in and perfect the contract system in the next few years. In regard to perfecting the contract system, the city of Mudanjiang launched a campaign of "reviewing the work." This practice is conducive to systematically analyzing the problems arising in the course of implementing the system. So far, we must solve the problems in two fields in order to perfect the contract system: 1) problems regarding the contracts' base figures. We should still persist in the principle under which the contracts' base figures should be slightly higher than the production capacity of the enterprises. Through appraisals and calculations, enterprises with base figures that conform to this principle by and large must not change their originally defined base figures. Meanwhile, they must resolutely ensure the fulfillment of the contracts on the premise of assuming sole responsibility for their profits or losses. Enterprises with base figures that become unreasonable because of changes in their external management environment should readjust their base figures appropriately, according to the principle of seeking truth from facts and



on the premise of going through the examinations and approvals of the units with which contracts were signed. We should set our sights on scientifically defining base figures, positively study ways to define base figures according to a locality's or a trade's average profit rate from utilization of funds, and strive to basically solve the problems concerning the definition of unreasonable base figures. In short, we should do a good job in appraising and readjusting the contracts' base figures according to the principle of "large-scale stability and small-scale readjustment." 2) Another problem area is: problems regarding the introduction and strengthening of the restriction mechanism. Some enterprises failed to fulfill their contracts, while some evaded taxes, recklessly raised the price of goods, arbitrarily issued bonuses and materials, or produced poor-quality products. Thus, strengthening the restriction mechanism becomes increasingly more essential. Regarding ways to strengthen the restriction mechanism, the state economic restructuring commission has set forth measures in five spheres. We should conscientiously implement them.

While improving and developing the contract responsibility system of enterprises, we should also pay attention to overcoming the tendency of "replacing management with contracts" and devote more efforts to strengthening management. We should understand that without contracts there will be no momentum for management; without exercising management successfully, it will be impossible to develop the superiority of contracts. We should develop work in two areas to strengthen management: First, we should strengthen the macromanagement of the economy. We should firmly establish and actively safeguard government authority and strengthen the macro-regulation, control, and unified management of the economy. At present, the external economic environment of enterprises is universally strained. Under such circumstances, we should all the more ensure the implementation of government measures for macro-regulation and control. We should at once unflinchingly implement the central principle of continuing the overall retrenchment and, based on the requirement for adjusting the structure, order of importance, and urgency in economic development, adopt a timely flexible policy toward some units and, in particular, give necessary special consideration and support to large and medium-sized state enterprises which have a bearing on the national economy, the people's livelihood, and the stability of the overall situation despite the universal strained supplies of funds, energy resources, and raw materials. Government departments, especially economic-lever departments and departments in charge of enterprises, should understand the hardships and difficulties of enterprises and help them eliminate misgivings and difficulties with all possible means. Second, we should strengthen the management within enterprises. The issue of management should be placed in an important position regarding enterprises and their reform. At present, when resolving difficulties, enterprises should aim at deepening reform as well as at strengthening management and relying on technological progress to improve economic results.

Enterprises currently have great difficulties, indeed; but these difficulties can be alleviated as long as enterprises exert conscientious efforts to set their sights inward and work out ways. At present, there is a contradictory phenomenon: universal shortages of funds existing side by side with funds laying idle; a deficiency in effective supplies existing side by side with overstocked goods; and efforts to obtain more investment in fixed assets existing side by side with large amounts of equipment standing idle. Some of the materials we lack are often the same materials we seriously waste. The low utilization rate of the major elements for production is a common phenomenon in our province. With regard to funds of which most units are short, the turnover period of fixed amount of funds of the budgetary industrial enterprises throughout the province is much longer than the national average. Last year in particular, the city of Harbin carried out an inventory and tapped potential, and materials and funds worth 680 million yuan were unearthed. If everyone does the same, many difficulties will be alleviated. According to an estimate of relevant departments, when the turnover period of the province's credit funds is shortened by 1 day, it is equivalent to an input of more than 150 million yuan of funds. To improve and strengthen enterprise management, we should combine our efforts to learn and master modern managerial methods and means with the popularization of the successful experiences of our province's enterprises in improving management; we should exert more efforts to raise the utilization rate of the existing major elements for production; and we should strive to improve product quality, reduce consumption, and successfully increase production, practice economy, increase income, and reduce spendings. We should exert efforts to improve the quality of existing major elements for production and successfully carry out technical transformation, technological progress, and worker training. We should also find a way out through deepening the supporting reforms within enterprises in order to increase the enterprises' ability to exist and compete, their ability for self-development, and their ability to tackle difficulties. Only in this way can we fundamentally ensure that enterprises overcome the current difficulties. If we say that past reform was conducted to arouse the enterprises' enthusiasm through expanding their autonomy and allowing them to get a bigger share of profits, the current reform should enable enterprises to tap their own potential and improve their economic results through the autonomy already granted them by the state and enable them to make more contributions to the state. This is the general guiding ideology for enterprise reform, and we should guide the next step of enterprise reform with it.

In deepening the reform of large and medium-sized enterprises, we should seize the favorable opportunity of improving the economic environment and rectifying economic order to positively carry out explorations and experiments for deep-level reform in the course of persistently perfecting the various feasible reform measures



which have already been implemented. We should earnestly implement the "enterprise law" and actually delegate decisionmaking power to enterprises. By improving the economic environment and rectifying economic order, we do not mean weakening and reducing the decisionmaking powers of enterprises, still less do we mean once again withdrawing the rights already delegated to enterprises in line with the stipulations of the "enterprise law." Negating reform and strengthening old systems on the excuse of improving the economic environment and rectifying economic order will never be allowed. Continued efforts should be made to solve problems regarding the separation of government administration from enterprise management and to reduce direct government interference with enterprises' production and management activities. All experimental reform areas should truly exploit their role and be brave in making breakthroughs and progress in the difficulties of reform in order to set an example for the reform of the whole province. Special enterprises and some other advanced experimental programs should be established and implemented continuously. Departments concerned should try every possible means to create external conditions under which the 58 special enterprises can expand their production. Special attention should be paid to the stability and continuity of policies concerning the deepening of reform. Through reexamination and clarification, most of the policies formulated in 1988 concerning the deepening of reform can continue to be carried out, with only a handful needing appropriate readjustment in line with the spirit of improvement and rectification. From now on, new policies conducive to the development of productive forces should be formulated in line with the demand of enterprise reform. All departments concerned should adopt effective measures as quickly as possible in order to ensure that all policies concerning the deepening of reform are implemented.

## **2. Positively and Steadily Promote the Reasonable Flow and Optimal Organization of Essential Production Factors**

Promoting the reasonable flow and optimal organization of essential production factors is an important policy decision adopted by the provincial party committee and the provincial government in carrying out the general discussion on the criterion for productive forces and in carrying out the practice of reform. Last year, we presented the task of promoting the reasonable flow of essential production factors and the optimization of labor organizations on the basis of summarizing the experiences gained from the introduction of the competition mechanism into enterprise contracting; promoting the incorporation of enterprises; trying out the shareholding system, establishing enterprise groups; developing lateral economic associations, dispersing idle, essential production factors; importing foreign capital; auctioning off small enterprises; optimizing labor organizations; and allowing flexibility for scientists and technicians. After extensively exchanging experiences and holding penetrating discussions, this conference

approved the "temporary regulations on several questions concerning the reasonable flow of essential production factors and the optimization of labor organizations." In the next step, we will positively and steadily carry out this work in order to yield practical results.

A. By promoting the reasonable flow and optimal organization of essential production factors, we will be able to grasp where the drive of improvement and rectification should be combined with reform and economic development.

As far as the drive of improving the economic environment and rectifying economic order is concerned, the reasonable flow and the optimal organization of essential production factors is the point where the current economic structural reform should be promoted. Historically, we have carried out many rounds of economic readjustment. However, we only concentrated our energy on controlling the total volume and did not pay attention to the key issue of structural readjustment. As a result, we fell into a strange cycle of "tightening control whenever economic growth is overheated, choking the economy to death whenever control is tightened, and again loosening control whenever the economy was choked to death, which once again led to overheated economic growth whenever controls were loosened." The current economic readjustment is different from the previous ones because we have grasped the key issue of structural readjustment. If we smoothly carry out the current readjustment, we will be able to break out of this strange cycle and lay a foundation for leading our economy to a benign cycle. There are two important ways for us to readjust the economic structure: One is to solve problems with increased investment by readjusting the investment structure; the other is to solve problems with existing assets by optimizing essential production factors. In general, both of these ways are necessary, and thus should be organically combined. However, under the current situation of curbing investment, the readjustment of the existing assets is more important than the readjustment of the increased investment. Because of various kinds of reasons, our structure of the existing assets has been unreasonable and lacked elasticity, and the shortage and the waste of essential production factors have existed side by side. By tapping the potential of the existing assets through promoting the reasonable flow and optimized organization of the essential production factors, we will be able to yield relatively great economic efficiency under the situation of increasing investment slightly or not at all.

As far as the reform is concerned, the reasonable flow and optimized organization of essential production factors is a basic effort to promote the supersession of the old structures by the new. The noncommercialization of essential production factors is the basis of the old structure—the highly centralized product economy—and the commercialization of the essential production factors is the basis of the new structure—the socialist commodity economy. Therefore, the promotion of the reasonable

flow and optimized organization of essential production factors with a view toward gradually commercializing the essential production factors will help shake old structures, establish new structures, and accelerate the supersession of old structures by the new. In view of the experiences introduced at this conference, we can see that the reasonable flow and optimized organization of essential production factors is also an important measure for invigorating enterprises, large and medium-sized enterprises in particular. On one hand, the reasonable flow and optimized organization of essential production factors within enterprises will instill new vitality to enterprises and greatly improve their economic efficiency. On the other hand, the restraint and elimination mechanisms formed by the reasonable flow and optimized organization of essential production factors will certainly exert still greater pressure on enterprises and force them to improve their quality. More important, the reasonable flow and optimized organization of essential production factors may greatly promote the reform of the system of enterprise property rights, the perfection of the market system, and the economic structural reform, and may accelerate the pace of enterprise reform.

As far as development is concerned, the reasonable flow and optimized organization of essential production factors is an effective way to develop the province's economy under the condition of improving the economic environment and rectifying economic order. In view of the practical situation of our province, there is great potential to tap in the field of the existing assets. According to statistics, by the end of 1987, the original value of fixed assets of the province's industrial departments was 55.9 billion yuan, and the net value was 37.6 billion yuan. The fixed-quota floating funds occupied by industrial departments amounted to 16.9 billion yuan, a very considerable amount. However, because of various reasons, these existing essential production factors have not been fully utilized. As far as the industrial enterprises covered by the local budget are concerned, of the 176 varieties of major commodities, 117 have had their utilization rate of production capacity fall below 80 percent, with 48 of them below 50 percent. At the same time, the production capacity, in particular the processing capacity, of these commodities has been left unused to a large degree. It is estimated that about 20 percent of the equipment in the province lies idle. We must admit that the low utilization rate of the existing assets is an important reason behind the low efficiency of the macroeconomy of our province. In 1988 the productivity and the tax and profit rates of industrial enterprises in the province were much lower per capita than the national average. If we want to change this situation and effect great progress in the province's economy under a tight economic environment, we must strive to raise the utilization rate of the existing assets. This is of great and special significance during the period of improving the economic environment and rectifying economic order. Considering the basis of the entire province's overall economic development, we should clarify this idea concerning the rational flow and optimal organization of

essential production factors: We should combine the efforts to invigorate large and medium-sized enterprises with those to develop local small enterprises and township enterprises and to solve the problems of loss-making enterprises. We should also conduct study and make arrangements for them in a unified manner. On the one hand, we should transplant the effective mechanisms of township enterprises into large and medium-sized enterprises in order to invigorate the large and medium-sized enterprises, which represent a strong point of our province; on the other hand, we should let local small enterprises and township enterprises use, with reimbursement, the idle elements of production of large and medium-sized state enterprises, including technology, trained personnel, equipment, and funds and products, in order to strengthen local small enterprises and township enterprises, which represent a weak point of our province. By doing so, we should then further develop the superiority and enthusiasm of these two categories of enterprises; enable them to promote, learn from, and make up for one another's deficiencies; develop them simultaneously; and establish an effective situation and pattern of walking on two legs. In the meantime, we should adopt measures such as annexation and auctioning of enterprises to prevent loss-making enterprises from becoming a burden. In this way, we will be able to ensure from the macroeconomic field that our province blazes its own road of economic development in the conditions of improvement and rectification.

B. To facilitate the rational flow and optimal organization of essential production factors, it is necessary to adhere to correct principles and conscientiously solve the crucial problems that cause restraints.

Through discussions, it is unanimously agreed that to facilitate the rational flow and optimal organization of essential production factors, it is necessary to adhere to the principles of voluntary consultation, exchange of equal values, open competition, overall consideration of interests, rational direction of flow, and legal conduct. Of these principles, the most important ones are the exchange of equal values and a rational direction of flow. Under a commodity economy, we should facilitate the rational flow of essential production factors according to the law of value and with reimbursement, and prevent the old practice of "egalitarianism and indiscriminate transfer." The prices of the transferred elements of production should be rational and should correctly reflect their actual value and the relationship between their supply and demand. Under ordinary conditions, prices may be decided through consultation by the two parties involved in the exchange or, if necessary, may be decided after appraisal by the departments entrusted by the government. In the process of the flow of the elements for production, we should pay particular attention to preventing the damage of state property. No unit or individual is permitted to privately divide up state property openly or covertly. The income from the reimbursed transfer of essential production factors should be



placed under strict management and should be earmarked specifically for use as funds for the development of production. Budgetary income should not be regarded as extrabudgetary income. The income from the transfer of elements for production should not be changed to consumption funds. Meanwhile, we should ensure that the elements for production flow in a rational direction so that they can help improve the overall economic results; help optimize the production setup, enterprise structure, and the product mix in order to achieve specialization and an optimal scale of production; help break the dual patterns of the urban and rural economies in order to promote the integrated development of urban and rural areas; help overcome short-sighted economic behavior in order to increase the strength for sustained economic development; and help ensure effective supplies. At present, with the industrial policy as a guide, we should promote the transfer of the elements for production from the industries to be restricted on a priority basis to those to be supported on a priority basis; from inferior enterprises to superior enterprises; and from oversupplied goods to undersupplied goods, so as to ensure the development of basic industries, such as agriculture, energy, communications, and raw material industries. We should successfully carry out the transfer of the elements for production specifically to attain the targets set in the "383" project. We should guard against and correct various kinds of reverse flow and prevent any acts favorable only to partial optimal organization, but detrimental to the overall optimal organization.

Many units introduced their experiences and some theoretical workers made speeches at this conference. They maintained that in order to actually ensure a reasonable exchange of production factors, we must realistically solve the following crucial problems: 1) Set up and perfect a mechanism which is driven by benefits. Under the old system, state enterprises' property rights were not clearly defined and their budgets were less restrained. Enterprises paid less attention to the amount of property to be reserved and realistically lacked the motive power of the exchange of production factors just because they were neither guided by the benefit mechanism nor eliminated through the competition mechanism. So, to promote the exchange of production factors, we must solve the problems concerning benefits. The key to carrying out a mechanism which is driven by benefits hinges on deepening the reform of the property rights system. Through reform, enterprises will gradually become main bodies characterized by self-management, self-restriction, and self-development, and will be responsible for their own profits or losses. Of course, there must be a process. Under the current situation in which the large property rights structure cannot be changed, we are allowed to adopt some flexible and interim methods. The conference's purpose for formulating "several provisional regulations on reasonably exchanging production factors between enterprises and optimizing labor associations" is to encourage enterprises to consciously exchange production factors. Along with the development of practices, we must continuously perfect the

policies in this regard. In the meantime, we should also positively explore ways to reform the enterprises' system of property rights. At present, we can adopt such interim methods as the method of "one plant, two systems," positively carry out the trial reform of enterprises' property rights, and strive to clarify enterprises' property rights in a step-by-step manner. 2) Smash the barriers between different departments and between different localities. The barriers are the main obstacle to the reasonable exchange of production factors and the optimization of labor associations. The experiences exchanged at the conference indicated that sales of property rights can benefit both sides; and it is entirely possible to exchange production factors between different trades, different regions, different departments, and enterprises of different sectors of the economy. At present, there are favorable trends emerging involving the exchange of production factors between enterprises directly under the central authorities and local enterprises, between state enterprises and collective enterprises, and even between enterprises in different localities. We must positively encourage and support this. Of course, some problems cannot be solved while under the current, strained systems. These kinds of problems can be recorded on file first, and be solved at the proper time. 3) Positively promote the development of markets. Conditioned by the commodity economy, the reasonable exchange of production factors and the optimization of labor associations are market activities. If the market system is not perfect, it is impossible to form a competitive environment for exchanging production factors or for exchanging production factors on a large scale. In view of the province's current situation, markets for single production factors have taken shape in some localities as well as in some large and medium-sized cities, including Harbin, Qiqihar, Mudanjiang, and Jiamusi. However, these markets are not perfect enough. Currently, we should concentrate efforts on eliminating the confused trading phenomena on the production factor market and problems concerning single layers, blocked channels, imperfect functions, and unreasonable distribution. Thus, governments at various levels, responsible departments, and economic supervisory departments should cooperate closely with each other; make concerted efforts to cultivate and develop production factor markets, fund markets, labor service markets, science and technology markets, skilled personnel markets, and enterprises' property right markets; and gradually form a multilayered, multichanneled, and varied network system for the production factor market. We must use the change of "improvement and rectification" to exert great efforts to achieve the organization and management of markets, to consolidate market order, gradually set up and perfect market regulations, and provide a market environment that is essential for the reasonable exchange of production factors and the optimization of labor associations.

C. To facilitate the rational flow and optimal organization of production factors, it is necessary to conscientiously strengthen leadership; pool the efforts of various fields; and carry them out in an active, steady, and well-organized manner.



Party committees and governments at various levels should regard the promotion of the rational flow and optimal organization of production factors as a major item on their agenda. The routine work should be undertaken by planning (economic) commissions and economic restructuring commissions at various levels. A clear responsibility system should be established. After this conference, all localities and departments should immediately organize personnel to conduct a general survey of the production factors that enterprises currently have available, ascertain their quantity, and determine why the rational flow of production factors is restricted. In line with the guidelines of improvement and rectification and the requirements of the industrial policy, we should formulate an overall plan and proceed from reality in conscientiously organizing its implementation, by adopting active, steady, feasible, and effective measures to resolve easier issues first, achieve breakthroughs in key areas, and gradually expand the work. At present, in addition to optimizing the organization of production factors within enterprises, we should emphasize the work of diffusing idle production factors and solving the problems of loss-making enterprises. During the period for improvement and rectification, we should strive to achieve initial results in rationally transferring idle production factors so that they can be optimally organized and become new productive forces. We should study loss-making enterprises in a unified manner, analyze them, classify them, and solve their problems one by one. Loss-making enterprises that are unable to stop their deficits and lack prospects for development may be auctioned off or merged with other enterprises.

Judging from the experiences introduced at this conference, the proper intervention and active organization of the government are indispensable to the rational flow and optimal organization of production factors in the current situation in which the market mechanism has yet to be established. The good results achieved by all the localities that have succeeded in this work should be attributed to the efforts pooled by various fields to initiate the work in all directions. Government departments should conscientiously change their functions, render good service, and fully develop their positive role. Departments charged with the overall economic responsibilities should start with reform of the macroregulation and control in guiding the flow of production factors; ensure that funds, electricity, means of transportation, and other important production factors flow on a priority basis to superior industries and enterprises; balance the relations of various fields in terms of interests in the process of the flow of production factors; and summarize the situation in the flow of the elements to eliminate difficulties that restrict the rational flow of production factors. Departments in charge of industries should free themselves from the shackles of "selfish departmentalism" and actively facilitate the flow and optimal organization of production factors within their own departments, and should promote the lateral rational flow of the elements among different departments in line with the requirements of the macroeconomic policy and the industrial policy. We should establish and improve

organs at various levels to manage state property. The provincial state property management bureau should start substantial work as soon as possible, conscientiously inspect how the state property in the province has been used, organize and promote the handling of the state property of the local enterprises in the province, raise the utilization rate of state property throughout the province, and supervise and ensure that the value of state property is guaranteed and increased. Economic-lever departments should perform their management and supervision functions, actively support and facilitate the rational flow and optimal organization of production factors, and standardize the direction and behavior of the flow to ensure the healthy development of the rational flow and optimal organization of production factors.

The rational flow and optimal organization of production factors constitute a long-term arduous task. We have just touched upon this issue and therefore should continually conduct explorations bravely and summarize experiences so that it can develop in both range and quality.

### **3. We Should Strive To Realize the Goal of Letting Factory Directors Administer Their Factories**

Establishing a new leadership system of enterprises is also an important task for deepening the reform of large and medium-sized enterprises. The enterprise leadership system has undergone several changes since the founding of the PRC. Over the past 10 years of reform, it has undergone constant explorations: changing from the centralized leadership of party committees to the factory director responsibility system under the leadership of party committees; and then changing to the leadership system whereby factory directors assume responsibility for production and management and party secretaries assume responsibility for ideological and political work. After the "enterprise law" was promulgated and Document No 9 of the central authorities was issued, the enterprise leadership system has once again witnessed a major change: factory directors assume overall responsibility for the building of the two civilizations by defining their central position. In view of the current situation in the province, the new leadership system of enterprises is just at an initial stage; the deepening of the reform of large and medium-sized enterprises urgently requires us to accelerate the reform of the leadership system and to realize the goal of letting factory directors administer their factories.

For a long time, our enterprises were accustomed to leadership by the party committees. Therefore, the new leadership system of enterprises will certainly undergo a transition stage. In view of the practice at the preceding stage, the party and government leadership establishment of large and medium-sized enterprises in the province can fall into three types: 1) The factory director holds the concurrent post of party secretary; 2) the posts of factory director and party secretary are established

separately; and 3) the party secretary holds the concurrent post of deputy factory director. These types of leadership systems have not only upheld the orientation of letting the factory director administer his factory, but have also given consideration to the people's ability to endure and to the accumulation of their experiences. But all the systems have advantages and disadvantages. Because conditions vary from enterprise to enterprise, the type of leadership system must be selected in line with the respective conditions of different localities, factories, and persons, instead of by seeking uniformity. However, no matter which type is selected, we must firmly grasp the following three principles in order to attain the goal of letting factory directors administer their factories.

**A. We Should Ensure the Central Position of Factory Directors.**

This is the essential characteristic of the goal of letting factory directors administer their factories. From the stipulations of Document No 9 of the central authorities, we can catch sight of two obvious intentions. First, the basic principle for the party and government leadership establishment of enterprises is the concurrent holding of the posts of factory director and party secretary with the purpose of ensuring that factory directors can assume overall responsibility for the building of the two civilizations. Second, all types of leadership establishments must be suitable for the demand of combining ideological and political work with economic work and should provide an organizational and systemic guarantee for meeting this demand. Therefore, during the supersession of the old leadership system by the new, factory directors must change from the past method of grasping the work with one hand to the method of grasping the work with two hands. It should be definitely noted that the new enterprise leadership system is much different from the system of one-man leadership in the 1950's. By the system of one-man leadership, we especially mean the factory director's power and responsibility for his enterprise's production and management. But, under the new leadership system of enterprises, factory directors assume overall responsibility for the building of the two civilizations, party organizations provide a guarantee and exercise supervision, and workers and staff conduct the unity of democratic management. Party committees and governments at all levels should create conditions for and positively help factory directors in taking their posts as quickly as possible. When selecting factory directors, we must give consideration to their ability to conduct ideological and political work and should strive to select and promote to the post of factory director those who have a good grasp of technical and managerial skills and are good at ideological and political work.

After enterprise directors assume full responsibility, the major task for the party organizations of enterprises is to attend to party building. They should run the party with a strict ideology and organization, develop the role of party organizations as fighting bastions and that of party

members as vanguards and models, strengthen unity within the party, make the party more appealing and convincing, and exert influence on and lead the masses to fulfill the various tasks of the enterprises. Practice has proven that when the party organizations of enterprises are truly able to manage the party successfully, many problems of the enterprises will become easier to solve. When directors assume the responsibility for managing enterprises, the order of the names of enterprise directors and party secretaries will not pose a problem because they perform different functions and develop their role from different angles.

Under the new leadership system, enterprises should strengthen their mechanism for restraint, make their policymaking more scientific and democratic, and guard against autocracy and arbitrary decisions by individuals. In the process of policymaking, they should pay attention to developing the role of enterprise management committees and should not hold meetings of enterprise directors to replace the meetings of enterprise management committees. Before making important policies, enterprise directors should submit the policies to enterprise management committees for discussion. As organs for discussing matters to assist enterprise directors in policymaking, enterprise management committees will not affect the final decisions of enterprise directors when their opinions are different, but policies decided without the discussions of the committees are invalid.

**B. We should ensure that party organizations develop their guaranteeing and supervisory role.**

After the enforcement of the new leadership system, we should still strengthen the guaranteeing and supervisory role of enterprise party organizations, in particular their supervisory role. This not only means the responsibility entrusted by the enterprise law to the party organizations of enterprises, but an important measure for preventing the erroneous behavior of enterprises and the corruption of individuals under conditions of relatively centralized power as well.

Party organizations should conduct guarantee and supervision primarily in the following areas. First, they should conduct guarantee and supervision in the field of organization. At the central party building study class held earlier this year, Comrade Zhao Ziyang pointed out: "Enterprise party organizations should do a good job in managing the party members of their enterprises and fulfill their guaranteeing and supervisory role by enabling the party members (including the Communist Party members doing administrative work) to play their role, to act according to party policies and principles, to act according to state laws and plans, and to maintain close ties with the masses." These remarks comprehensively and accurately explain the guaranteeing and supervisory role after enterprise directors assume full responsibility. That is, the major body to conduct guarantee

and supervision is the party organization of an enterprise, not certain individuals; the people it should guarantee and supervise are all party members of the enterprise, including, of course, all Communist Party members conducting administrative leadership work; the content and purpose of the guarantee and supervision are so that the enterprise party organization can do a good job in managing its party members and enable them to act according to party policies and principles and to state laws and plans, maintain close ties with the masses, and truly play the role of Communist Party members. In short, an enterprise party organization should successfully conduct guarantee and supervision through managing all its party members well. This requires that all party members of an enterprise subject themselves to the "management." There is no special party member within the party, and all party members, whether worker or enterprise director, should voluntarily subject themselves to the supervision of party organizations. Second, the party organizations should conduct guarantee and supervision in the field of systems. Normal activities of the organizations, such as "general membership meetings of party branches, meetings of party branch committees, democratic meetings of leading party groups, and regular party lectures," should be upheld, and party committee meetings in particular should be held well in line with the principle of democratic centralism. Party member directors of enterprises should report their thinking and work conditions to party organizations in the capacity of a party member on a regular basis and give heed to their opinions. This should be carried out as a regulation and a system.

Third, they should provide guarantees and supervision in the field of discipline. All party members should consciously subject themselves to the restraint of party discipline. All party members who violate party discipline should be punished according to party discipline. For those factory directors with party affiliation who violate discipline, party organizations of enterprises are entitled to impose criticism and punishment on them in line with the stipulations of the party Constitution and are obligated to report their cases to higher-level party organizations; otherwise, enterprise party organizations should be regarded as derelict in their duty. Higher-level party organizations should support enterprise party organizations in performing their duty of exercising supervision. Fourth, they should exercise democratic supervision. This is also an important part of the guarantee and supervision exercised by enterprise party organizations. Enterprise party organizations should support workers' congresses and the vast number of workers and staff members to carry out democratic supervision, in order to subject all party members, particularly party members who hold leading posts, to the supervision of workers, staff members, and the masses. Attention should be paid to guarding against cases of a few leading cadres abusing their powers to seek personal gain, making arbitrary decisions and taking preemprory actions, and a few contracted factory directors considering their relationship with workers and staff

as a relationship between employers and employees. Factory directors must fully respect the participation and decisionmaking power of workers and staff members in the various major issues of enterprises in order to make workers and staff members feel that they are still in the position of master even though factory directors are entitled to assume overall responsibility for enterprise management. We must emphatically stress the right of democratic supervision and the right of democratic management of workers' congresses and trade unions of enterprises. At present, party organizations of enterprises should still exercise political leadership over trade unions of enterprises and should support and guide them to conduct their work independently.

C. We should ensure the constant strengthening of the ideological and political work of enterprises.

An important purpose in implementing the system of letting factory directors administer factories is to establish a new pattern of ideological and political work for enterprises and to strengthen and improve enterprise ideological and political work. In this regard, we must establish that ideological and political work constitutes an inseparable part of enterprise management. Document No 9 of the central authorities points out: "The ideological and political work of enterprises is an essential and important part of the modernized enterprise management, as well as an important guarantee for realizing the various tasks of enterprises." Enterprise management should not be confined to the management of plans, production, technology, quality, equipment, goods, materials, and financial affairs. On no account should we see only material factors to the neglect of human ones. One of the successful experiences gained by the world's developed countries is the merging of behavioral science into enterprise management. Therefore, only by closely combining management with ideological and political work will it be possible to establish a perfect enterprise management. In the meantime, because factory directors possess some material means, it is more conducive for them to solve those ideological problems closely connected with the practical material interests of workers and staff members. Thus, it is clear that letting factory directors assume overall responsibility for enterprises' ideological and political work is the due significance of the principle of letting factory directors administer their factories.

After factory directors assume responsibility for ideological and political work, secretaries of enterprise party committees should still support and help factory directors to grasp the ideological and political work among workers and staff members. This was once again stressed by Comrade Zhao Ziyang during a recent talk with 46 factory directors (managers). Factory directors should listen more to the opinions of party organizations; pay attention to exploiting the role of deputy factory directors and departments in charge of ideological and political work; and support party, government, and mass organizations in order to conduct ideological and political work together with them.



Comrades, this conference is devoted only to studying and solving the several basic issues with regard to the deepening of the reform of large and medium-sized enterprises. We will hold some other conferences to specially discuss other respective issues. All in all, in the course of improving the economic environment and rectifying economic order, through deepening the reform of large and medium-sized enterprises, we should strive to actually improve the economic efficiency of enterprises in order to gradually extricate ourselves from the difficult position, and lay a solid foundation for the further development of the provincial economy.

**Heilongjiang Closes Down Publication Offices**  
HK0805151389 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1120 GMT 3 May 89

[Report: "Heilongjiang Province Recently Closed Down Three Journal Representative Offices of The Hong Kong News Publishing Houses"—ZHONGGUO TONGXUN SHE headline]

[Text] Harbin, 3 May (ZHONGGUO TONGXUN SHE)—The Press and Publications Bureau of Heilongjiang Province recently closed down the representative offices of three Hong Kong journals in Harbin. The three journals are

HAINAN FENG [WIND FROM HAINAN], DALU QIYEJIA [MAINLAND ENTREPRENEURS], and ZHONGGUO SHIYEJIE [MAINLAND INDUSTRIALISTS]. All of these journals are published by the Hong Kong News Publishing House.

According to the mainland's current regulations for journal management, the establishment of reporter stations or representative offices should be approved by the press and publications administration at and above the provincial level. However, the three Hong Kong journals set up their representative offices in Harbin without authorization, also hiring reporters and soliciting advertisements without the approval of the authorities concerned. The employees in these offices were all jobless people in society, and their wages had to be paid from the advertisement incomes.

It has been learned that Heilongjiang's decision to close down these journal offices was approved by the journal section of the State Press and Publications Administration. The provincial official in charge of these cases said that overseas news and journalist institutions are still welcome to carry coverage and set up offices in Heilongjiang Province, but they should first go through the normal approval procedures.

**Officials Favor Admission of PRC Reporters**

OW1005105089 Beijing in Mandarin to Taiwan  
1500 GMT 5 May 89

[Text] According to a dispatch from Hong Kong, many legislators in Taiwan have proposed opening Taiwan to Mainland China's journalists, or even inviting them to visit Taiwan, in order to promote contacts and mutual understanding.

Zhang Shiliang, Lin Yuxiang, Chen Zenan, and Lai Wanzhong made the above request in an interpellation they made at the Legislative Yuan on 3 May.

They pointed out that over 100 journalists have gone to Beijing to cover the annual convention of the Asian Development Bank, and so the Taiwan authorities should also permit mainland China's journalists to visit Taiwan in the effort to promote understanding between the two sides of the Strait.

Shao Yuming, director of Taiwan's Government Information Office, indicated at the Legislative Yuan that the Taiwan authorities' mainland policy remains that of letting people in Taiwan visit the mainland, but restricting mainland people from visiting Taiwan. This being the case, he added, the proposal for opening Taiwan to journalists from the mainland will not be considered for the time being.

**Taiwan Reunification Group Visits Heilongjiang**

SK0505125589 Harbin Heilongjiang Provincial Service  
in Mandarin 2100 GMT 2 May 89

[Text] At the invitation of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], a 13-member group for promoting Chinese democratic and peaceful reunification led by Fei Xiping, member of the Legislative Yuan of Taiwan, arrived in our province on the afternoon of 2 May for a visit. Wang Zhao, chairman, and Guan Shixun, secretary general of the provincial CPPCC Committee, and leading members of relevant departments, went to the airport to greet the group.

In answering reporters' questions at the airport, the group leader, Fei Xiping, said: Members of our group have great zeal for the reunification of China. Although it will take time to reunify China, we hope that the period will be shortened through contacts and understanding. Some of our members have come to Heilongjiang for the first time. Through the 5-day visit, we hope to further understand Heilongjiang.

In the afternoon, Fei Xiping and his party visited the exhibition on the richly endowed and beautiful Heilongjiang.

Some leaders of our province, including Zhou Wenhua, Chen Yunlin, Liu Huixian, Guo Zhouchang, Fu Shiyang, Yang Yanping, and Hong Yaoying, met with all the members of the visiting group. Chen Yunlin, provincial

vice governor, introduced the general natural environment and economic development of Heilongjiang to the visiting Taiwan personages. That evening, Wang Zhao, chairman of the provincial CPPCC Committee, hosted a banquet in honor of all the members of the group.

**Visit Concludes 6 May**

SK0705025489 Harbin Heilongjiang Provincial Service  
in Mandarin 0900 GMT 6 May 89

[Text] The Taiwan group for promoting Chinese democratic and peaceful reunification concluded its friendly visit to Heilongjiang Province and left Harbin by plane for Shaanxi Province on 6 May.

Seeing the group off at the airport were Wang Zhao, chairman of the provincial Chinese People's Political Consultation Conference [CPPCC] Committee, and Guan Shixun, secretary general of the provincial CPPCC Committee.

The 13-member group, headed by Fei Xiping, member of the Legislative Yuan of Taiwan, arrived in our province on 2 May. During their stay in the province, they visited the Harbin steam turbine plant and the (Keluola) solar energy company, and toured the city of Harbin. They also visited the city of Daqing to observe the oil production and the construction project of the Daqing 300,000-ethylene plant.

**Taiwan Entrepreneurs Discuss Fujian Investment**

OW0605033189 Fuzhou FUJIAN RIBAO in Chinese  
20 Apr 89 p 1

[Report by Cai Yuqiang]

[Text] Xiamen, 19 Apr—A delegation of entrepreneurs from Taiwan wound up its visit to Xiamen today. Mr Chen, head of the delegation, told this reporter before leaving Xiamen: "The main purpose of our current visit to the mainland is to visit relatives, familiarize ourselves with the situation here, promote exchanges, and seek proper cooperation opportunities."

The delegation is composed of the presidents and general managers of 36 enterprises in Taiwan. It is one of the largest groups from Taiwan that has openly come to the mainland to study industrial and business opportunities here. The delegation arrived in Guangzhou on 13 April. It successively visited Guangzhou and Shenzhen before arriving in Xiamen on 17 April. During their stay in Xiamen, the members of the delegation studied the local investment environment, familiarized themselves with the development of the Xiamen Special Economic Zone, and discussed trade and investment with the departments concerned. They have shown a great interest in investing in and running factories in Xiamen.

According to the delegation, before it came to the mainland, it openly published the first issue of the "CHINA INFORMATION" journal. The journal

reports exclusively on the economic and trade situation, investment environment, policies and legislation, and customs regulations on the mainland, and provides guidance for Taiwan businessmen who want to invest on the mainland. Some members of the delegation have already set up factories on the mainland, and they will discuss further cooperation during the current visit.

The delegation will also visit Shanghai and Beijing.

**Taiwan Participation in Hainan Development Urged**  
*HK0905060789 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0900 GMT 1 May 89*

[Dispatch from reporter Zhuo Ling (0587 5376): "Personages of Political and Economic Circles Study the Feasibility of Participating in the Development of Hainan Island"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 1 May (ZHONGGUO TONGXUN SHE)—The issue concerning participation in the development of Hainan Island has recently drawn extensive attention, and many scholars, experts, and even the personages of political circles are studying the feasibility of this issue. A few days ago, Huang Chu-wen, member of the Legislative Yuan of Taiwan, formally addressed inquiries to the Executive Yuan and implored the Taiwan authorities to actively participate in the development of Hainan Island. Many economists in Taiwan have also successively published articles, pointing out that participation in the development of Hainan Island is not only advantageous to the mainland but also of great benefit to the economic development of Taiwan.

In his inquiries, Huang Chu-wen, member of the Legislative Yuan of Taiwan, pointed out: Taiwan is now overflowing with funds, and the operation of the labor-intensive industries is becoming increasingly difficult. If, under the guidance of the Taiwan authorities, the people make preparations for the organization of investment and development companies on a large scale and in a planned way with Hainan Island as the target, this will be conducive to solving the above-mentioned problem. He

also pointed out that through the guarantee of the third party or international organs, Taiwan can participate in the development of Hainan Island in such forms as the lease of Hainan Island land, development in trust, or cooperative development.

Hou Chia-chu, a famous economist and director of the Institute of Economics of Tungwu University, published an article entitled: "Can We Develop Hainan Island on Behalf of the Mainland?" The article holds that if Taiwan participates in the development of Hainan Island, it can achieve relatively great economic results; in trade, due to an increase in the Hainan Island residents' market and the demand brought about by the investment in development, Taiwan's reliance on foreign trade can be reduced; in production, many Taiwan investors are looking for the opportunity to invest outside. By participating in the development of Hainan Island, manufacturers can organize groups to make coordinated investments and increase their profits and opportunity.

Professor Pien Yu-yuan, director of the Department of International Trade of Taiwan University, also held: The participation in the development of Hainan Island is "a piece in a game of chess that should be moved" by Taiwan. In an article, "The Feasibility of Developing Hainan Island by Taiwan," Professor Pien pointed out that Hainan abounds in natural resources and has good natural conditions. As Taiwan "faces overflowing funds," it must look for a place where Taiwan can develop, so as to "alleviate all kinds of pressure." It is an "advisable" way to participate in the development of Hainan Island.

As for how to participate in the development of Hainan, the plan proposed by Professor Pien Yu-yuan is basically identical with that proposed by Huang Chu-wen: Lease, trust, or cooperative development. The form of cooperative development of Hainan proposed for Taiwan assigns responsibility to the mainland for some of the qualified personnel and funds, with the remainder being provided by Taiwan. Taiwan's system and its forms of management and operation would have to be adopted, but the mainland would also be able to participate.



**Kuo States Opposition to U.S. Economic Pressure**  
*OW0805134089 Taipei International Service*  
*in English 0200 GMT 8 May 89*

[Text] Finance Minister Shirley Kuo stated on Saturday that the United States should refrain from imposing economic pressure on the Republic of China [ROC] now that the ROC's current exchange rate has reached a reasonable level and the trade surplus with the United States is on the decline.

Kuo spoke to reporters after meeting with the U.S. Treasury undersecretary-designate, Charles Dallara, in Peking. Kuo said that the talk was focused on Taiwan's economic development and trade with the United States, adding that they didn't touch upon the currency exchange rate issue.

Kuo further pointed out that according to U.S. statistics, Taiwan has outperformed both Japan and South Korea in reducing its trade surplus with the United States. Meanwhile, Dallara lauded the progress of Taiwan's foreign exchange market in becoming more market-oriented, saying that he was pleased with Taipei's effort to trim its trade surplus with the United States. Known in Taiwan as a currency killer, Dallara said there may be more need for the NT dollar to rise further.

**Delegation's Performance at ADB Meeting Praised**  
*OW1005153589 Taipei CNA in English*  
*1522 GMT 9 May 89*

[Text] Taipei, May 9 (CNA)—Finance Minister Shirley Kuo was authorized to make decisions on her own in accordance with the situation during the Asian Development Bank [ADB] meeting in Peiping, a government statement said Tuesday.

The statement, issued by the Government Information Office, said the ROC [Republic of China] delegation's overall performance at the ADB meeting had won the approval of both the government and the people. It praised the 12 delegates, headed by Kuo in her capacity as the ROC governor on the ADB board of governors, for having overcome numerous difficulties in accomplishing their mission.

"The government dispatched the delegation to exercise the country's rights and obligations as a founding member and as a full member of the ADB," it said, adding that "this was part of our efforts to enlarge the country's sphere of activities with the international community."

The government is convinced that only by shouldering its international responsibilities can the Republic of China strengthen its foreign relations and contribute to all of mankind, said the statement.

It pointed out that the participation showed the country's willingness to shoulder its international responsibilities as well as to accelerate its return to the international

community. The participation does not in any way violate the ROC's basic policy of opposing communism and pursuing freedom, democracy and prosperity, said the statement.

It emphasized that the country still maintained its "one China" position, and that its participation in the Peiping meeting did not represent any change in that position.

**Trade Talks Held With U.S.; Criticism Emerges**

**Briefing Helps Understanding**  
*OW0705203789 Taipei CNA in English*  
*1005 GMT 3 May 89*

[Text] Taipei, May 3 (CNA)—Trade consultations between officials of the Republic of China and [ROC] the United States continued in an amicable atmosphere Wednesday and the Americans said they have gained a fairer understanding of the ROC position.

P.K. Chiang, director general of the Board of Foreign Trade and head of the ROC delegation, said he briefed the U.S. side on the ROC's scheduled cuts in tariffs on imported goods.

He said U.S. opinions had been taken into account when setting the schedule under which the country's nominal tariff rate will be reduced to 5 percent and its real-effective rate to 3.5 percent by 1992. He noted that many of the items over which the U.S. had been especially concerned have already been included among the 4,700-odd items whose tariffs will be cut this year.

For example, Chiang said, of the 186 agricultural items on which the Americans had asked for tariff-cuts, tariffs on 88 items are on the ROC list due to be lowered this year.

Of the 405 industrial products for which the Americans had demanded reduction, 299 items are on the list for tariff cuts this year, he added.

Meanwhile, officials at the Customs Administration told their American counterparts about the ROC's four-year program to cut import duties on foreign goods. All imported commodities will be grouped into 21 categories in accordance with the harmonized system which is used by most of the world's trading countries, they said.

By 1992, the average real effective tariff rate on these 21 categories will be about the same as in the advanced countries, they said.

They emphasized that as the nation's customs system is transformed from a finance-oriented to an economics-oriented system, the government will see to it that tariffs will not over-protect domestic manufacturers.

The government will keep adjusting the tariff rates, making them more and more reasonable, in order to avoid the inefficient use of national resources, they said.

The list of products eligible for tariff cuts will be expanded to include general consumer goods and environmental protection items, rather than just confining the cuts to agricultural and industrial products, they pointed out.

The customs officials said that revised tariff regulations, expected to win Legislative Yuan approval in July, will bring the number of items eligible for tariff-cuts to 4,739, the largest number of reductions in years. They noted that the items will enjoy an average 23 percent reduction in import duties, and will account for 61 percent of all permissible imports.

#### **U.S. Charges Called 'Unfair'**

OW0705183889 Taipei CNA in English  
1556 GMT 3 May 89

[Text] Taipei, May 3 (CNA)—The chief of the Republic of China [ROC] delegation told his United States counterpart in the on-going trade talks Wednesday that some U.S. charges against the ROC are "very unfair."

P.K. Chiang, director general of the Board of Foreign Trade, urged Mark Orr, head of the American delegation, to understand that the ROC has made very sincere efforts but the results of the efforts have not been fairly evaluated.

In an opening address to the full session, Chiang pointed to two "unfair charges" by the United States about supposed trade barriers erected by the ROC.

First, he said, the new Taiwan dollar has appreciated as much as 56 percent against the U.S. dollar since late 1985. However, the U.S. trade deficit with the ROC has improved only slightly, a development similar to its trade deficit problems with Japan, he said. This means that the U.S. business community has not seized the opportunity to enhance its competitiveness and boost exports to the ROC, he said.

Second, he continued, American apples and grapefruit took whopping 87 and 100 percent shares of the ROC fruit market last year. But the U.S. still blamed the ROC for setting trade barriers against its exports, said the trade official.

"This makes me feel that the U.S. is killing a goose to get all of its golden eggs," Chiang said.

He said he hoped the U.S. side would positively support ROC efforts to balance trade with its biggest trading partner. He also stressed that the ROC Government's "action program to strengthen trade and economic ties with the U.S." is an established policy that will continue to be implemented in good faith. He said regular reviews will be made of the implementation of this policy, which aims to cut the ROC's trade surplus with the U.S. by at least 1 billion U.S. dollars a year.

Mark Orr, in response, said he has an accurate understanding of the ROC's determination to cut its trade surplus with his country. "We will wait and see the actions and the actual results," he said.

#### **U.S. Asked To Lift Barriers**

OW0705182989 Taipei CNA in English  
1605 GMT 3 May 89

[Text] Taipei, May 3 (CNA)—A ranking economics official, responding to growing U.S. pressures on the Republic of China to further open Taiwan's market, asked the United States Wednesday to remove its trade barriers on such items as steel, automobiles and textiles.

Vice Economics Minister Wang Chien-shien cited a U.S. report as saying that the U.S. Government limits on steel, automobile and textile imports have cost U.S. consumers billions of dollars. If the import restrictions were to be eliminated, U.S. consumers would enjoy benefits worth 100 billion U.S. dollars within the next six years, Wang noted.

Under pressure by the U.S., the ROC [Republic of China] has signed agreements with its biggest trading partner to "voluntarily restrain" shipments of steel and textiles to America. He asserted that the U.S. should, like the ROC, consider lifting its import restrictions.

The U.S., charging the ROC with maintaining tariff and non-tariff barriers in a report released last week by the U.S. Trade Representative Office, has threatened to retaliate against the ROC by invoking Section 301 of its trade law.

#### **Wang Chien-shen Defends Policy**

OW0705184589 Taipei CNA in English  
1552 GMT 4 May 89

[Text] Taipei, May 4 (CNA)—The Republic of China [ROC] has already made great concessions to help redress its trade imbalance with the United States, Vice Economics Minister Wang Chien-shien said here Thursday.

If the United States refuses to acknowledge that fact and still includes the ROC on its list of nations subject to "Super 301" retaliation, then "I can only say that the United States is being indiscriminate," he said.

Among the many efforts the ROC has made to reduce its trade deficit with the U.S. are the large-scale cutting of tariffs, the sharp appreciation of the new Taiwan dollar, and the opening of the Taiwan market to American turkey meat, Wang pointed out.

"The United States should pay attention to how other countries will judge it if, despite our efforts, we are still included on the blacklist."

Wang said, however, that he is "not very pessimistic" about the possibility of the ROC inclusion on the trade retaliation list, as there have been no great differences between the ROC and U.S. delegations during their current trade consultations in Taipei.

He expressed the belief that the two sides will reach an agreement at the trade talks. As to opening the Taiwan market to U.S. agricultural products, more talks may need to be held in the near future to thrash out the problem because many other factors are involved, he said.

#### **U.S. Delegation Feted**

*OW0705232689 Taipei CNA in English  
1542 GMT 4 May 89*

[Text] Taipei, May 4 (CNA)—American delegates to trade consultations with the Republic of China [ROC] have given a positive response to the ROC Government's "action program to strengthen trade and economic ties with the U.S.," a ranking trade official said Thursday.

Vincent Siew, spokesman for the Cabinet ad hoc committee on ROC-U.S. Trade, hosted a luncheon party for Mark Orr and the other American delegates here for the trade negotiations. Siew said the action program may not be a panacea but it contains a schedule for lowering trade barriers that should be convincing to the Americans.

The U.S. delegates were most vocal when it came to what they called non-tariff barriers to American agricultural exports, according to Siew.

However, after comparisons were made with other countries, the Americans realized that the ROC's barriers are not so formidable, he pointed out. He stressed, however, that the country will not bow to U.S. pressures and open its markets so wide to American exports that local farmers are driven out of farming.

P.K. Chiang, director general of the Board of Foreign Trade, said both sides agreed to jointly review the implementation of the ROC action program which aims to cut the ROC's trade surplus with the U.S. by at least 1 billion U.S. dollars annually.

The ROC trade surplus with the U.S. plunged from 18.58 billion U.S. dollars in 1987 to 10.94 billion U.S. Dollars last year, a sign that the ROC has been trying hard to restructure its economy.

Chiang said that both governments would consult with each other every six months to monitor the results of the program.

As to American demands that the ROC open its banking and insurance markets wider to foreign investors, the American representatives now have a better understanding of the ROC's position, a ranking finance official reported.

Chen Sze-ming, director of the Finance Ministry's Department of Monetary Affairs, said the country is currently revising its banking law in accordance with its liberalization and internationalization principles.

After the revision has been approved by the Legislative Yuan, foreign banking institutions here will be allowed to engage in mid- and long-term lending business. This is expected to occur within six to nine months, Chen said.

The U.S. had asked the ROC to loosen restrictions on the number of cities where foreign banks can set up branches. The country has only allowed foreign branches to operate in Kaohsiung for the last two years, he said.

The U.S. delegates have expressed satisfaction over an ROC explanation that foreign banks enjoy the same rights as local banks to install automatic teller machines at rail stations, department stores and other places, he added.

As to the local insurance market, he said that in the last three years 12 American companies have established branches here.

If the growth rate continues, the number of foreign insurance companies will surpass that of local insurance companies so some limits are still necessary, he noted.

#### **Consultations End**

*OW0705154589 Taipei CNA in English  
1003 GMT 5 May 89*

[Text] Taipei, May 5 (CNA)—The latest round of trade consultations between the Republic of China [ROC] and the United States ended Friday evening, with the U.S. side indicating that it has gained a better understanding of the ROC's determination to open the Taiwan market to U.S. products.

After three days of discussions, ROC delegates apparently have impressed their U.S. counterparts with planned measures for massive tariff cuts, even though the U.S. negotiators, led by deputy assistant trade representative Mark Orr, want clearer timetables for some import items.

The U.S. side understands that because of problems with farmers, the ROC Government must exercise controls on some agricultural imports.

Chiang Pingkung, director-general of the Board of Foreign Trade and chief ROC delegate, said the U.S. delegates were satisfied that the ROC side was well-prepared. "They are also appreciative that we will encourage U.S. manufacturers to market their products in our country," he added.



On the protection of intellectual property rights, the two sides have reached an important agreement, with the ROC promising to amend the relevant laws before the end of 1990.

**Tariff Cuts on 378 Items Go Into Effect**  
*OW0205050289 Taipei CNA in English*  
0340 GMT 2 May 89

[Text] Taipei, May 2 (CNA)—In order to dampen inflationary pressure on local commodity prices, tariff cuts on 378 items, including daily necessities, home electrical appliances and construction materials, became effective Monday, the Finance Ministry reported.

An official of the ministry said that cutting the pace of rising construction material prices is more important than others as construction prices are regarded as the best indicator of commodity prices.

The tariff cuts averaged 2.5 to 5 percent, the official said.

**Leader Urges Mainland To Talk With Students**  
*OW0205050089 Taipei CNA in English*  
0328 GMT 2 May 89

[Text] Taipei, May 2 (CNA)—A civic leader in the Republic of China [ROC] urged Peiping leaders Monday to have serious talks with pro-democracy students and to avoid taking high-handed measures to suppress the rising student movement.

Han Lih-wu, president of the Chinese Association for Human Rights, warned that "they (the communist leaders) will otherwise only make things more complicated and cause greater turmoil." Han said the Peiping leadership has started a dialogue with the student leaders but they have not achieved "expected results."

The target of student criticisms has gradually turned to Teng Hsiao-ping himself, indicating their demands for democratic reforms have gone beyond the normal level, said the human rights leader. Since dialogue has begun, there should not be any forceful crackdowns, he said.

He warned that if Peiping does not handle the situation well, there will erupt "greater counteractions from the students" on May 4, the 70th anniversary of the 1919 student movement.

**Agenda Outlined for Pacific Basin Meeting**  
*OW0805183089 Taipei CNA in English*  
1518 GMT 4 May 89

[Text] Taipei, May 4 (CNA)—Some 500 government officials and entrepreneurs from the United States, Japan, Canada, Australia, New Zealand, South Korea and the host Republic of China will attend the 22nd international annual meeting of the Pacific Basin Economic Council (PBEC) in Taipei from May 14 Through 18.

Liu Tai-ying, secretary general of PBEC's ROC [Republic of China] chapter, told reporters Thursday that the meeting's discussions will focus on "the development of the Pacific's newly industrializing countries towards year 2000."

Premier Yu Kuo-hwa will be present at the evening reception on May 15 to welcome the participants in the PBEC meeting, Liu said.

Economics Minister Chen Li-an and Fredrick F. Chien, chairman of the Council for Economic Planning and Development, will give speeches to the meeting on "the economic internationalization of the Republic of China" and "the new look of the Republic of China", Liu said.

Ranking officials from the United States, Britain, Japan and South Korea will also report on such timely topics as the future development of the Pacific's newly industrializing countries, the 1992 European single market, environmental protection issues, and the present general agreement on tariffs and trade situation.

As to the participation of three representatives from the Soviet Union in PBEC's Taipei meeting, Liu said they will attend the meeting as observers because the Soviet Union is not a PBEC member and will not vote on any of the resolutions offered at the assembly meeting.

Sources close to the PBEC meeting organizers said the assembly is expected to approve the membership application of Chile and Mexico as PBEC's eighth and ninth members.

## Hong Kong

**Hong Kong Journalists Support Counterpart Fight**  
HK1005005389 Hong Kong SOUTH CHINA  
MORNING POST in English 10 May 89 p 12

[By Chris Yeung]

[Text] Representatives of the Hong Kong Journalists' Association (HKJA) left for Beijing yesterday to lend their support to mainland counterparts in their fight for greater press freedom.

HKJA chairman Wong Kwok-wah and executive secretary Cheung Suet-ye will also discuss ways to build up long-term links with journalists across the border.

The visit comes amid an unprecedented campaign among mainland journalists for greater freedom to report the truth, particularly over the student demonstrations.

The journalists' body has already issued separate statements in support of mainland journalists over the past few weeks.

While the local branch of the New China News Agency has been informed of the visit, the representatives have not asked for arrangements to meet officials.

Instead, they are keen to meet the front-line journalists on their grievances and the former chief editor of the Shanghai-based WORLD ECONOMIC HERALD, Qin Benli.

Wong and Cheung will visit Shanghai after the Beijing trip.

Meanwhile, student leaders from universities and post-secretary institutions under the umbrella body of the Federation of Students are to meet on Saturday to discuss plans to promote the students' movement both in China and Hong Kong.

They will also work out details of the future disposal of the China Democratic Trust Fund which has already reached the \$100,000 mark.

**Taiwan Legislates To Visit Territory**  
HK0405010389 Hong Kong HONGKONG STANDARD  
in English 4 May 89 p 7

[By Fan Cheuk-wan]

[Text] Taiwan's outspoken legislator Dr Ju Gau-jeng is to make a second trip to Hong Kong to discuss democracy and local political development.

Dr Ju, dubbed Taiwan's "Rambo" for his militant behaviour as an opposition member of the Legislative Yuan, Taiwan's parliament, hopes to quiz local politicians on the latest development of party politics and the Basic Law.

He told THE HONGKONG STANDARD he was concerned about political developments because a free and democratic Hong Kong would be a better guarantee of Taiwan's safety after 1997.

He said the future of Hong Kong would have a strong bearing on Beijing's reunification drive. Dr Ju, a key member of the Democratic Progressive Party (DPP), said he hoped to learn more about the proposals for party politics and the high degree of autonomy to be enjoyed by Hong Kong.

"I hope to discuss the Basic Law and the 'one country, two systems' reunification model with the Hong Kong democrats."

Dr Ju has not made concrete arrangements to meet with local politicians during his trip, but it is expected he will try to meet democratic leaders and Legislative Councilors Mr Martin Lee Chu Ming, Mr Szeto Wah, Dr Leong Che-hung, Mr Andrew Wong Wang-fat and Mr Chow Mei-tak, whom he met on his first trip.

Dr Ju said Taiwan's experience in developing party politics would be valuable to Hong Kong.

But he emphasised that political parties in Taiwan would avoid direct participation in Hong Kong's politics.

Dr Ju will speak at a seminar entitled "Comparison of the Investment and Financial Laws in Hong Kong, the mainland and Taiwan," on May 18 at the invitation of the publishing company Economic and Law Press.

Mr Qian Jiaju, a member of the Chinese People's Political Consultative Conference; Prof Jiang Ping, president of the Chinese University of Politics and Law in Beijing; Prof Wu Nianlu, head of the International Finance Research Institute of the Bank of China; and Basic Law drafter Professor Duan Muzheng were also invited to attend the seminar.

During his four-day visit Dr Ju also plans to meet mainland scholars to exchange views on the improvement of relations across the Taiwan Strait.

During Dr Ju's last trip he had a heated political debate with Basic Law drafter Mr Louis Cha.

Dr Ju argued that Hong Kong should enjoy considerable autonomy in foreign relations after 1997 although the Joint Declaration stipulated that foreign affairs would be controlled by Beijing.

He said the emergency of a single market in Europe in 1992 would prompt the Asia-Pacific countries to form a similar common body.

"Hong Kong needs great flexibility in its foreign policy for participation in new international bodies."

**New Immigration Law Effective 2 July**  
*HK1005023889 Hong Kong HONGKONG STANDARD in English 10 May 89 p 1*

[By Harald Bruning in Macao and Stanley Leung]

[Text] Hong Kong people with long-time residence in Macao may soon find it easier to become Portuguese nationals.

A new immigration law, to come into effect on July 2, will create the mechanism to validate their length of residence in the enclave.

Those who can prove residency of five or more years can apply for Portuguese passports if they also satisfy other general requirements.

Under the law, thousands of Hong Kong people now working and living in Macao will have to apply to immigration authorities for residence.

Official estimates indicate up to 100,000 Hong Kong people live in Macao.

Some hold identity cards as foreign nationals while others do not have any residence certificates.

Some are believed to have lived in the enclave for 30 years or more without official identification.

The new law will make it compulsory for all foreign workers to apply for the right to residence—and make it easier to prove how long they have lived there.

Passports are usually granted within two years, provided the applicant passes a language test, is able to prove financial independence and fulfills other general requirements.

During the five-year period, potential passport applicants must not leave Macao for more than 90 days a year.

The new law is ostensibly aimed at curbing the uncontrolled influx of outsiders and giving more protection to local workers.

It will have no impact on Hong Kong travellers staying fewer than 20 days. Those staying more than 20 days will have to apply for a 30-day extension.

A second 30-day extension may be granted by the governor but only on "exceptional grounds."

Under the new law, Hong Kong identity card holders who have lived in Macao for one year or more will have to apply to Macao authorities for permission to reside in the enclave.

Hong Kong people of Chinese descent will have to prove their length of stay in Macao.

Immigration authorities will be empowered to issue one of three types of residence: one to five years, five to 10 years and over 10 years.

Governor Carlos Melancia issued the decree earlier this month and said it was aimed at tightening controls over the enclave's loose immigration policy.

It will replace an outdated 1969 law which has been described as "marred by loopholes and discrepancies".

A spokesman for the Hong Kong Immigration Department said yesterday it had not received prior notice of the new law and there had been no consultation between the two governments.

He did not expect the law to have a major impact on Hong Kong people, most of whom travel to Macao on short trips.

The move could discourage the continued influx of Hong Kong people, who have been criticised by local press and community leaders.

Some hotels and banks have given preference to Hong Kong residents for middle-management and executive positions.

After July, applications from Hong Kong people to work and live in Macao may be turned down on economic grounds.

"Many are worried about their future in Macao and some are angry that they will have to pay as much as 1,000 patacas (HK\$1,000) to get a piece of paper stating they are Macao residents," said a Kaifong member.

Observers also say the Macao government is determined to impose tighter controls over the flow of people into the enclave in the run-up to 1999.

## Macao

**Macao Basic Law Committee Holds Second Session**  
*OW0905224389 Beijing XINHUA in English 0732 GMT 9 May 89*

[Text] Beijing, May 9 (XINHUA)—The second plenary session of the Macao Special Administrative Region Basic Law Drafting Committee opened here this morning to discuss the content and the drafting methods of the Basic Law's structure.



The two-day session is also expected to examine and pass working procedures for the committee.

Chairman of the committee Ji Pengfei said the session is important for drafting the Basic Law, which should incarnate the principle of "one country, two systems" and the spirit of the Sino-Portuguese joint statement.

He said that since the first plenary session held here last October, the committee members from Macao have

finished preparations for establishing a Basic Law consultative committee, while mainland members have gained a better understanding of Macao's history and reality through studies.

He said he hopes all members will speak out freely at this session and establish good cooperative relations for future drafting work.

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